

# The NATIONAL UNDERWRITER

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The National Weekly Newspaper of Fire and Casualty Insurance

Jan. 31, 1958

## Companies, Agents In This Together; Time For More Understanding By Both

## Another Group Of States Approve Rate Increases On Auto

By HOWARD J. BURRIDGE

No one who follows the situation closely would deny that company-agent relations have been put under increasing strain in the past few years. There are several reasons for this, but whatever they are it seems to us to be of the highest importance for both companies and agents to try to improve these relations, which can be done most effectively by acquiring a better understanding of each other's problems. This should not be as dif-

ficult as some may believe. Recently writers have rather over-used the word "empathy." But it does mean the ability to put yourself in the other fellow's shoes, and more of it is needed among those in the property insurance business.

The misunderstandings and differences of opinion between companies and agencies began shortly after the companies encountered rough going underwriting-wise. Beginning with the eastern tornadoes of recent years, fire and casualty companies of all

kinds began to accumulate an unexpectedly unfavorable loss experience. At first many felt this could be only temporary and was due principally to the eastern hurricane and steadily rising automobile losses.

It took the companies some time to understand that they had moved into a period of heavy loss experience on most classes, and from the best, as well as the worst of their agencies.

The underwriting losses were appalling, and without precedent with

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Ind., Dakotas And Wyo. Get Both Liability And PHD Premium Rises

National Bureau of Casualty Underwriters and National Automobile Underwriters Assn. have revised automobile insurance rates for Indiana, the Dakotas and Wyoming, effective Jan. 29. Liability rates were increased for practically all insured. The farmer discount is increased from 20 to 30% for both liability and PHD.

Increases of class 1A liability premiums in Indiana range from \$3 to \$10, 1B range from \$3 to \$12, 1C range \$4 to \$13, 2C range from \$12 to \$13, 2A range from \$4 to \$19, and class 3 range from \$4 to \$14.

Full cover comprehensive premiums increase \$2 in several rating territories in Indiana. The \$50 deductible collision in Fort Wayne, Muncie and Marion increases 5%, and in East Chicago 17%, with no change in the balance of the state. The \$100 deductible private passenger collision experience is worse than the \$50 deductible, and the increases average slightly more.

In North Dakota the 1A and 1B rate is increased \$12 in Fargo and \$5 in the remainder of the state, and 1C is raised \$19 in Fargo and vicinity and \$7 elsewhere in the state. The 2C is increased \$49 in Fargo and vicinity and \$22 elsewhere, and 2A \$22 in Fargo and \$9 elsewhere. Class 3 goes up \$15 in Fargo and \$4 in the remainder of

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## Senate Gives Nod On \$365,000 For Probe By O'Mahoney Unit

WASHINGTON—The Senate committee on rules and administration Monday reported favorably a resolution recommending \$365,000 for investigations by the Senate anti-trust and anti-monopoly subcommittee of the judiciary committee, including a staff study of and possible hearings on the insurance business.

The resolution remained pending for Senate action. While no figure was given in the report as a proposed allotment for the insurance investigation, it is tentatively planned to hold hearings on that subject following those on "administered prices" in the automobile and other industries. It is also believed by sources close to Sen. O'Mahoney of Wyoming that he will probably preside over any insurance hearings the subcommittee may hold.

### Letter From Sen. Kefauver

The report of the Senate rules and administration committee includes a long letter from Sen. Kefauver of Tennessee outlining various subjects contemplated for investigation. This letter includes the following:

"It has become increasingly evident to the subcommittee that there is a need for a general study of the business of insurance. Many reports have come to the subcommittee concerning the arbitrary uniform rates that exist throughout the industry as well as restrictive measures which prevent the entry of new companies professing indications of charging lower rates.

"The subcommittee intends to conduct a staff study of this subject with a view of possibly scheduling hearings during the coming year."

Chief counsel of the subcommittee is Randolph Dixon, who was formerly connected with FTC. A&S is one field the subcommittee staff is reported planning to enter. Credit life is another. Sen. Langer, then chairman of the Senate judiciary committee, started an investigation of the latter field



The scene above, photographed in Bolivar, Mo., some years ago, shows that the ice storm is potentially capable of producing catastrophe damage. This picture was reproduced in the "Weather Research Bulletin," the quarterly issued by Stewart, Smith & Co. of New York.

## H. K. Dent, Insurance Pioneer, Dies At 77

Hawthorne K. Dent, chairman of General of Seattle and one of the great pioneers and individualists of the insurance business, died in his sleep Jan. 24 in Los Angeles at the age of 77. He had stopped off on the way back to Seattle from his winter home at Palm Springs to preside at the stockholders' annual meeting of American Mutual. He was apparently in the best of health.

Mr. Dent had been in the insurance business since 1903. He was a leading figure in the rise of Northwestern Mutual to its position as the largest mutual fire company in the United States. He founded General of Seattle to prove his theories about participa-

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H. K. Dent

## Introduce "Buy-Back" Plan For Deductible Extended Cover In Kan.

A "buy-back" plan for the optional \$50 deductible on extended coverage has been introduced in Kansas effective Jan. 27. It provides that the dwelling forms will contain a \$50 deductible clause for wind and hail at the existing rate of 34 cents, but if insured desires full coverage there will be a flat additional charge each year of \$18 per policy per building item.

This is the first of the Western Underwriters Assn. states in which this plan has been adopted. It is designed to encourage greater use of the deductible.

### Less Than 4% Use

The optional \$50 deductible wind and hail form was introduced in Kansas in 1953. It permitted the policyholder to pay a lower rate than standard if he desired less than full coverage. After four years and four months, utilization of this plan is estimated at less than 4% of the dwelling policies in force in Kansas, and as a consequence EC still pays for most of the small maintenance losses to pro-

duce a combined loss and expense ratio of about 121%.

The "buy-back" plan avoids the use of a mandatory deductible. It also eliminates discrimination between the large and small insured when the rate differential between full coverage and the deductible is used. The \$18 flat charge for full coverage applies to each building or structure insured under the policy but if more than one policy is in effect a total of only \$50 will be deducted from each loss to each building. The deductible does not apply to contents.

## D. J. Reid Jr. Joins Stewart, Smith (Ill.)

Douglas J. Reid Jr. has been named manager of the multiple line department of Stewart, Smith (Ill.), Inc. He began his insurance career in the inland marine department of Fireman's Fund in 1949, and then joined Crum & Forster as Cook county marine superintendent in 1955. He has been most recently with Geo. F. Brown & Sons.

## N. Y. Department Outlines 1958 Legislative Program: Wants Some Controls Tightened

The New York department has outlined its 1958 legislative program.

Among the more important fire and casualty insurance proposals are bills which would amend the insurance law in relation to appraisal of loss under the standard fire policy, and another to bring corporations entering into motor vehicle warranty contracts under the supervision and regulation of the department.

The bill which would make the provisions in the standard fire policy relating to appraisal mutually enforceable by insured and insurer, further provides that if the insurer fails to join in an appraisal demanded by insured, the insurer is precluded from controverting the amount of the loss shown in the proof of loss furnished by insured. The industry strongly opposes this.

Corporations warranting the condition of motor vehicles to retail purchasers are doing an insurance business, the department contends, and it wants a bill which would amend section 41 of the insurance law. This would define an insurance contract and doing an insurance business so as to bring such corporations under the law, and make them subject to regulation by the department.

The warranty contract operations of such corporations were held not to be insurance by an opinion issued by Sen. Javits when he was attorney-general.

Consequently, the department said, quite a number of corporations carry on warranty contract operations which are not subject to state supervision. The department has received numerous complaints from motor vehicle buyers because of their inability to obtain payment of claims under the warranty contracts. Since such corporations are not required to meet any prescribed standards of solvency, as are insurers, there is no assurance that those in this business are financially able to meet their obligations, the department said.

### Wants Tighter License Rules

Another department-sponsored measure would close an existing gap in agent licensing procedures by which untrustworthy individuals are able to control producer licensees. The law presently authorizes the superintendent of insurance to revoke or suspend the license of an agent, broker, or adjuster if he finds such a licensee untrustworthy. However, he is powerless to act against untrustworthy individuals who are not licensees or sub-licensees, even though such individuals may own a major interest in the stock of a corporation which is licensed as an agent, broker, or adjuster, and thereby control the licensee.

To rectify this situation the department has drafted a bill which will con-

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## Ernest Palmer, First 'Strong' Illinois Director, Retires

Last week announcement was made of the retirement of Ernest Palmer from the insurance business at the age of 76 after a career in the industry of 45 years. For many of those years he was a leading figure, most emphatically during his term as Illinois director of insurance from 1933 to 1940.

For the last 15 years Mr. Palmer has been general counsel of the Warner reciprocals in Chicago, and he is succeeded in that position by Lowell Snorf Jr.

Mr. Palmer graduated from Lake Forest College in Lake Forest, Ill., and from Northwestern University law school. He practiced law in Chicago briefly, was assistant attorney-general for the Interior Department under the Taft administration and then joined the National Board of Fire Underwriters as assistant general counsel associated with O. B. Ryon in Chicago. In 1923 he was chosen manager and general counsel of the Chicago Board of Underwriters in the days when the Chicago Board was at the height of its power as a rate and rule making organization for the fire insurance business.

When Henry Horner was elected governor of Illinois in 1932 he selected Mr. Palmer as his insurance director, crossing party lines in order to secure a man of talent and integrity.

In his seven years as Illinois director, Mr. Palmer established precedents with regularity. He was the first "strong" Illinois director. He put through a new insurance code that

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## T. M. Gray Quits As Secretary Of Ohio Agents Assn.

Theodore M. Gray Sr., executive secretary of Ohio Assn. of Insurance Agents, announced his resignation from that position at a meeting of the trustees last week. At the request of the trustees, arrangements were made for Mr. Gray to keep himself available for advice and consultation until July 1.



T. M. Gray Sr.

Mr. Gray joined the Ohio association as executive secretary in 1943 when it was divorced from the parent NAIA. The state re-affiliated in 1944. Since Mr. Gray was appointed, membership of the Ohio association has more than doubled and the state has won seven national awards for outstanding accomplishment. Mr. Gray has been chairman of the national secretaries group of NAIA.

Mr. Gray holds a masters degree in education from Ohio State University. He was a member of the Ohio senate when he was appointed executive secretary of the agents' association to succeed Ray Martin of Cleveland who resigned to become clerk of the board of elections of Cuyahoga county. Mr. Gray was a teacher in commercial and social subjects in high schools at Piqua, O., for 16 years before going into politics. He was elected to the Ohio senate in 1940 and was reelected in 1942.

## Nine Ailments Of Insurance Are Diagnosed By Vorys

Superintendent Arthur I. Vorys of Ohio, invited to give an address Monday evening before Chicago Buckeye Club on the subject "What's Wrong With the Fire and Casualty Business," took about 20 minutes to diagnose nine ailments, describing them plainly, succinctly and so effectively that his audience seemed to find very little room for argument.

Mr. Vorys prefaced his remarks by pointing out that he has been only a year in office, that he is a young man without prior insurance experience, and that he did not ask for the assignment. However, he said, he has been studying the business attentively and has tried to do it objectively. From what he has seen, he commented, nine weaknesses can be discerned, and they are:

1. Lack of adequate manpower.
2. Too strict adherence to historical attitudes.
3. Ignoring of basic philosophies.
4. Too few thinkers.
5. Lack of guts.
6. Inconsistencies.
7. Poor public relations.
8. Use of old, antiquated rating methods.
9. A need of a better selection method of regulatory authorities.

To these Mr. Vorys added the observation that one of the problems of the business is a fear of speaking out on issues in order to avoid hurting anyone's feelings.

Taking just a few seconds to elaborate on each of his points, Mr. Vorys said insurance is not attracting young men of imagination. It is a business that is undesirable to college men, primarily because it has a reputation for absence of opportunity. It offers a reasonable starting wage scale but there is the impression on the part of job seekers that nobody gets anywhere in insurance. In Ohio it is hard enough to get personnel to work for the insurance department "on any terms," he declared.

### Resist Facts Of Life

The industry is full of tradition and is rigidly resistant to "the pretty obvious facts of life," Mr. Vorys asserted. Companies and agents both are guilty of this. For example, he said, the service of agents is talked up constantly, but he wondered who has ever sold an automobile policy on service. The idea that service alone will produce business is simply wrong, he went on. The public is becoming price conscious and not service conscious, at least in some of the lines. The fight between no service and the worship of service is hurting both sides, he vouchsafed. It makes the business look bad in the eyes of the public.

### Close Eyes To Competition

He remarked that the "historical segments of the business" are closing their eyes to new types of competition, especially in automobile, but resistance to facts without action is merely burying the head in the sand.

The business ignores some of its basic philosophies, Mr. Vorys declared, saying the use of "specious factors" in

(CONTINUED ON PAGE 27)

## Phoenix Is Winner Of Fire Prevention Week Grand Award

### Ottawa First In Canada, Other Winners Listed By Population Classes

The grand award for the best municipal Fire Prevention Week program of 1957 was won by Phoenix in the contest sponsored by National Fire Protection Assn. Ottawa placed first in Canada. Phoenix placed second in the 1956 grand award competition.

Other winners, in order, were: Hartford, Oshkosh, Philadelphia (which also took 4th place in 1956), Providence, West Milwaukee, and Memphis (the 1956 grand award winner).

By population classes the winners were: I (500,000 or over), Philadelphia, Minneapolis, and Boston; II (250,000 to 499,000), Memphis; III (100,000 to 249,000), Phoenix; IV (50,000 to 99,000), Cranston, R. I.; V (20,000 to 49,000), Oshkosh; VI (5,000 to 19,000), West Milwaukee; VII (under 5,000), Escalon, Cal.

First place in the industrial division went to the Tumpene Co. of Terre Haute, Ind.

Atomic Energy of Canada, Ltd., Chalk River, Ont., took first place in the government division.

A total of 1,425 entries were received in the 1957 contest, 850 in the municipal division, 400 in the military division, 102 in the government division, 68 in the industrial division and five special entries.

Among five entries receiving special recognition was Tennessee, which judges singled out for the administration and encouragement of fire prevention programs carried out under the supervision of State Fire Marshal Arch E. Northington, who also is commissioner of insurance there.

## National Underwriter Co. Opens New Office For Ohio And W. Va.

The National Underwriter Company has opened an office in Cleveland to service customers in Ohio and West Virginia.

Robert P. Blesi is resident manager of the new office at 208 Lincoln



George Roeding



Paul Blesi

Building, 1367 East 6th Street. Mr. Blesi, a graduate of Xavier University, joined The National Underwriter Company a year ago, after serving two years in the army.

George C. Roeding, 44 year company veteran at Cincinnati, who formerly handled this territory, will continue to be manager of Kentucky and also of Cincinnati and Columbus in Ohio.





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## N. J. Approves Auto BI, PDL, PHD Rise

Commissioner Howell of New Jersey has approved automobile liability rate increases for National Bureau of Casualty Underwriters that average 14.1% state wide. The bureau had asked for 17.4%. National Bureau companies write about 45% of the BI and PDL business in New Jersey. The largest increase is on class 2.

For Mutual Insurance Rating Bureau, whose companies write about 10% of the automobiles in the state, Mr. Howell approved an average increase of 8.5% instead of the 10.4% that bureau asked for.

National Automobile Underwriters Assn. got its 7.21% increase.

Mr. Howell issued a statement that his efforts have been to hold the rate increases to the absolute minimum necessary, "but to allow what is fully warranted in order to keep the companies solvent and capable of continuing to underwrite risks in New Jersey at rates fair both to the public and the industry."

There has been no net increase in auto liability rates in New Jersey since 1952, and in the case of PHD, the present rates, including the increase, will be 12.8% lower than five years ago, Mr. Howell said.

If the increases were not granted, he added, "it is almost certain that insurance companies operating in New Jersey would refuse all but the very cream of the risks and would leave the majority of our citizens unable to obtain insurance."

## Leslie Tackles N. Y. Rate Disapproval

William Leslie, general manager of National Bureau of Casualty Underwriters, issued a statement on the New York department's disapproval of the bureau's filing for increased auto liability rates, pointing out that in 1956 National Bureau insurers lost more than \$24 million on this line in the state. Preliminary indications point to a much larger loss in 1957, he declared.

"The influence of inflation upon claim costs and the increase in accident frequency have combined to produce a situation where there is an imperative need for an increase in rates," he declared. Average claim costs have increased 6% a year for 10 years, and BI claims settled in 1956 are 90% above 1946 and PDL claims 73% higher. So far as accidents are concerned, one need only look at the records reported officially by the state traffic commission. For example, from 1946 to 1956 the ratio of persons to registered motor vehicles increased 23% and to deaths 92%.

### Rates Are NOT Adequate

The department's statement that the experience of the past five years of experience indicates rates are entirely adequate ignores completely that the statutory standard of adequacy of rates must and does refer to the period in which rates are to be effective, Mr. Leslie averred.

The law specifically requires that not only past but prospective experience as well must be taken into account, he said. With average claim costs and accident frequency rising year by year, it is highly improper to use antiquated past experience as a basis for future costs. This has never been done in New York.

### Massachusetts Example False

The New York department mentions in its decision a Massachusetts case which places judicial reliance upon the use of more than the two latest available policy years. But Massachusetts at that time was using three policy years, Mr. Leslie pointed out. The loss sustained by the companies under the three year formula was so great that since that time the rates have been keyed to the experience of the single latest policy year adjusted to reflect the anticipated further increase in the cost of settling claims due to the effects of inflation, Mr. Leslie commented. Anyone who thinks that those brought into insurance by compulsory were accident free risks is not acquainted with the facts of life, he declared. The New York experience in the first six months of 1957, including five months under compulsory, shows the need for a 14% increase instead of the modest 9.5% asked.

The bureau will now proceed as expeditiously as possible to seek a judicial review of the department's decision, he said. "It is unfortunate that we have to resort to this course as it involves delay and continuing heavy underwriting loss."

Mutual Insurance Rating Bureau has indicated it will go to court on the rate disapproval.



William Leslie

## 1958 Chicago Phone Directory Available

The 1958 edition of the Chicago Insurance Telephone Directory, largest and most comprehensive ever published, is now available from the National Underwriter Co., A-1645 Insurance Exchange building, Chicago. The price is \$1, plus 25 cents postage.

Phone numbers of companies, agencies and firms allied with the business, as well as those of their executives, appear in two separate sections. Offices in the Insurance Exchange building are separated from those outside the building. There also is an enlarged classified section in which are listed firms specializing in insurance company accounts.

The new directory is comprised of 226 pages, a record number, and has been completely revised to reflect changes in personnel, phone numbers and office space.

## Buckeye Club Members Hold Annual Muster

About 65 members of Chicago Buckeye Club, the nationally famous organization of emigrant Ohioans who have settled in Chicagoland, gathered Monday evening in the Bismarck hotel for their annual reunion.

The presidential gavel, made of genuine wood from a Real Buckeye Tree, was passed from C. N. Mullican of Fireman's Fund to Donald J. Neal of Atlas. Robert N. Wilson, S. C. Christensen & Co. agency, is 1st vice-president; C. J. Lauer, Des Plaines, Ill., agent, is 2nd vice-president; Levering Cartwright, Cartwright, Valteau & Co. securities firm, chairman of publicity, and Dale G. Stentz, Western Adjustment, secretary-treasurer. Mr. Stentz has had this position for some time. He tackles his duties with enthusiasm.

As is customary, the guest of honor was the Ohio superintendent of insurance. He was accompanied by what has become a traditional guard of honor, Joe Schweer, secretary-manager of Cincinnati Underwriters Assn., and Louis Hellmings, past president of that organization. The superintendent is Arthur I. Vorys, who was making his second visit to the Buckeye organization. Details of his remarks are reported on page 2.

Mr. Mullican greeted the guests and read a message of regrets from Herman Winter of America Fore, who has been a faithful Buckeye but who was in Atlantic City attending the first field meeting of the America Fore-Loyalty group.

Several of the members are either in the hospital or convalescing. Mr. Mullican reported, among them being Ray Matson of Illinois Inspection Bureau; George Whitford of Reliance, Al-len Guy of Western Adjustment, and Harry Grider, retired western manager of Factory Insurance Association and one of the founders of the club.

The official Buckeye poem written by Walter L. Sundstrom, manager of FIA, was read by Mr. Mullican with appropriate feeling and was received by the members with "amens," applause and cries that sounded like "author." However, Mr. Mullican kept the meeting moving at such a lively pace that Mr. Sundstrom could not be properly recognized.

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## Cooney Sentenced To Jail, Dearden Draws Six Months, In Loyalty Group Embezzlement

John R. Cooney, former president of Loyalty group, was sentenced to a term of one to two years in New Jersey state prison for embezzlement, and John E. Dearden, publisher of *American Underwriter* at Philadelphia, was sentenced to six months in the Essex county penitentiary, for defrauding \$222,706 from Firemen's, the parent company of the group. The two had pleaded no defense to indictments which charged them with misappropriating the money by way of withdrawal from petty cash during the three years of 1952-54, for "advertising."

Superior Court Judge Waugh at Newark also fined Mr. Cooney \$5,000.

In imposing the sentences, the judge indicated he was taking into consideration Mr. Cooney's illness. Mr. Cooney is confined to a wheelchair. His left leg was amputated a few years ago and a medical report indicated that he suffers from impaired circulation in the right leg. There is also evidence of heart damage caused by arteriosclerosis, according to testimony in court. Judge Waugh also indicated that he was taking into consideration Mr. Cooney's contribution to the development of Firemen's over the years. He said that Mr. Cooney's service to the company was unique and outstanding.

### Will Ask Reconsideration

Mr. Cooney's attorney, John J. Clancy, indicated that he would ask for a reconsideration of the prison term in case confinement should impair Mr. Cooney's health further. He told the court that no punishment it could impose could be greater than that already inflicted on Mr. Cooney. He said that Mr. Cooney was broken, he has no money and he needs care.

Mr. Clancy said that when Mr. Cooney went to Newark in 1931 as executive vice-president, he found the situation at Firemen's chaotic. The company had to wait for premiums to come in in order to pay losses. Mr. Cooney was harassed and could find no relief from the hectic activities of the business. At the suggestion of two directors of Firemen's, Mr. Clancy indicated, directors now dead, Mr. Cooney purchased a farm near Blairs-town, N. J., to which he could escape from the burdens at the home office of Firemen's.

Mr. Clancy further suggested that Mr. Cooney was led to believe the company would finance the purchase of the farm. Mr. Cooney lost \$107,000 on the farm in one five year period. Much of the money that Mr. Cooney took went for the maintenance of the

farm, it was indicated.

Mr. Cooney is now financially destitute, Mr. Clancy indicated, with only \$1,200 available to him. He said that Mr. Cooney had repaid Firemen's around \$300,000, including \$148,000 developed from the sale of the farm.

Mr. Clancy also called the attention of the court to the fact that Internal Revenue Service has placed a \$440,000 jeopardy assessment on all of Mr. Cooney's assets and a lien on a \$200,000 life insurance policy. Mr. Cooney retired in July, 1956, at the insistence of the New York and New Jersey insurance departments.

In sentencing Mr. Dearden, Judge Waugh stated that he had not profited from the embezzlement. It was brought out that Mr. Dearden was aided by Mr. Cooney in 1941 in starting *American Underwriter*.

Mr. Cooney is also under indictment, with Harry A. Totter, 2nd vice-president of Firemen's, and Albert S. Borok, head of a furniture company, on charges of conspiring to defraud Fire-



Newly-elected officers of Detroit Assn. of Insurance Agents were installed by Commissioner Joseph A. Navarre of Michigan at the annual meeting at the Statler hotel. Approximately 250 people attended the dinner and cocktail hour. Shown above from left to right are: Frank J. Grossinger, treasurer; John F. Cole Jr., president; C. M. Verbiest, vice-president; and Maurice L. Greer, secretary-treasurer.

men's of several hundred thousand dollars in connection with refurbishing \$368,000, allegedly converted fraudulently.



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## More States Approve Auto Rate Increases

(CONTINUED FROM PAGE 1)

the state. Comprehensive increases \$11, \$50 deductible collision 10% and \$100 deductible 6%.

In South Dakota 1A and 1B is increased \$4 in Sioux Falls and \$1 in the remainder of the state, and 1C \$4 in Sioux Falls and \$3 elsewhere in the state. Class 2C goes up \$10, and 2A \$6 in Sioux Falls and \$2 elsewhere. Class 3 increases \$4 in Sioux Falls and is reduced \$1 elsewhere. Comprehensive is raised \$6, the \$50 deductible collision is increased 15%, and \$100 12%.

In Wyoming there is no change for 1A and 1B but a \$2 increase for 1C. Class 2C goes up \$10 in Casper and Cheyenne and \$8 elsewhere in the state, and 2A \$2. Class 3 is reduced \$2. Comprehensive increases raised \$8, and \$50 deductible collision 4%, but the \$100 deductible gets no change.

### Hoosierland Bureau Changes

Hoosierland Rating Bureau, whose 85 member companies write almost 50% of all auto business in Indiana,

has increased rates to parallel revisions filed in Indiana by National Bureau and National Automobile Underwriters Assn. Increases average about 14.5% for liability, and about 2.39% for PD.

### Has "Broad," "Standard" Policies

New rates for the "broad" policy of the Hoosierland companies are the same as bureau rates; however, the "broad" Hoosierland policy has some items not found in bureau policies. The Hoosierland "standard" policy is equivalent to the coverage provided by bureau policies. Rates for the Hoosierland standard are reduced 50 cents per coverage from the broader policy and from the bureau policies.

The revisions include a new territorial schedule for liability and physical damage rates, increase in the number of territories from eight to 12, adoption of Class 1C for autos driven 10 or more road miles one way to work—a class not used in Indiana

for several years, state wide PD rates for pickups, panel deliveries, and sedan deliveries not customarily used in the occupation, reduction of driver training discount to 10% for liability and collision, and increase of farmer's private passenger discount to 30%. Collision premiums for territories 1, 2, and 3 (Indianapolis, East Chicago-Gary-Hammond, and Fort Wayne) have not been changed.

## Oakeley, Vaughan, Johnston Form New N. Y. Insurer For Malpractice Lines

NEW YORK—Professional Ins. Co., which will specialize in medical malpractice liability insurance, has been incorporated by interests allied with Oakeley, Vaughan & Johnston, prominent surplus lines office here. The company is starting with a paid in capital of \$300,000 and \$150,000 surplus. The charter provides for authorized capital of \$3.15 million, consisting of 15,000 class A common shares of \$10 par value and 300,000 class B common shares at the same par.

John F. Johnston and Joseph H. Johnston Jr., who heads Oakeley, Vaughan & Johnston, are president and vice-president of Professional. Other officers are M. E. Clark, secretary; and vice-president of Professional; W. H. Schmidlapp, treasurer, and H. C. Olson, controller. W. O. Cook, president Sea Shipping Co., is chairman.

Oakeley, Vaughan & Johnston, which is general agent for Professional, has been an important factor in the malpractice field for many years, in addition to its other surplus line activities. The firm has branch offices in Baltimore, Chicago, Atlanta, Miami, Kansas City and London. It is expected that Professional will provide a domestic market for this coverage.

Professional has been licensed in New York and its rates approved by the insurance department. The company expects to operate in 14 states in the near future.

## Pittsburgh Fire Loss Conference Elects Officers

Officers elected at the January meeting of Pittsburgh Fire Loss Conference include J. A. Blakely, Blakely agency, president; Allison F. Walsh, National Union, vice-president, and W. E. Hamilton, Universal Adjustment Services, Uniontown, Pa., secretary-treasurer.

## Six Are Appointed By Ohio Farmers

A number of top executive appointments have been made by Ohio Farmers.

C. G. Beach has been named general counsel; R. B. Hawley, vice-president and assistant corporate secretary; M. J. McKicker, secretary of fire claims; D. D. Montgomery, vice-president and agency superintendent; C. E. Moul, secretary of casualty claims, and W. W. Waters, vice-president and Ohio field superintendent.

## Kemp Is Springfield Assistant In Canada

Springfield F.&M. has appointed John B. Kemp assistant manager of the group's Canadian department in Toronto. He joined the companies there as superintendent of inland marine in 1949. He entered insurance with North America at Toronto, and in 1939, joined Halifax and organized its marine department. He is a member of the multi-peril executive committee of Dominion Board of Insurance Underwriters and Insurance Institute of Canada.

## Committee Recommended Insurance Legislation Is Introduced In S. C.

A number of bills designed to carry out recommendations made by a special joint interim committee which studied means of revising the state insurance laws have been introduced in the South Carolina legislature.

The proposals would permit the insurance commissioner to charge a fee for accepting service of summonses and complaints for his office, require insurance companies to publish their liabilities whenever they publish their assets, provide for the manner in which liabilities shall be so shown on statements filed with the insurance commissioner, require domestic insurers to show contingent liabilities and surplus fund certificates, if any, on statements filed with the commissioner, prevent agents from selling stock in insurers and prohibit those selling stock in insurers from selling policies, and set forth the methods insurers must use in displaying non-forfeiture values in all policies.

## Patton, Luthy Named To Kemper Executive Posts

Appointments of Thomas M. Patton as a senior executive and Martin P. Luthy Jr. as a junior executive have been made by the Kemper companies.

Mr. Patton, acting manager of the companies' bond and burglary department, joined the Kemper organization in 1940 as a messenger and has served as a clerk and underwriter in the department he now heads. Mr. Luthy went with the Kemper group in 1951. He has been an underwriter and district manager and currently is a member of the companies' agency production staff.

## Gold Rules On Tax

Commissioner Gold of North Carolina has reaffirmed his order that insurers writing fire policies there are responsible for collecting the 1% tax on premiums levied to support the state's new firemen's pension fund.

North Carolina Fire Insurance Rating Bureau had asked for a rehearing on the matter, contending the pension fund law is discriminatory and unconstitutional. The bureau originally proposed that agents collect the tax.

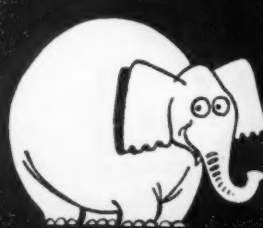
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## Plan 10 Workshops On Major Topics At HIAA Group Forum Feb. 17-19

Ten special workshop sessions covering different aspects of group underwriting will be held from 8:45 a.m. to 10:45 a.m. Feb. 18 and 19 at the annual group forum sponsored by Health Insurance Assn. of America at Chicago.

Workshop chairmen serving both days will be R. J. Learson, vice-president of Mutual of New York, professional association group; J. E. Hellgren, 3rd vice-president of Lumbermens Mutual Casualty, trade association group; J. W. Chapman, manager of the claims division of New York Life, and Samuel B. Reed, secretary of the claims department of Connecticut General, comprehensive major medical-cost control-claims administration; G. N. Watson, group vice-president of Crown Life, and Allison S. Beebe, vice-president and manager of the group department of Paul Revere Life, small group; R. D. Albright, group actuary of Provident Life & Accident, and Guy W. Pickering, actuary of Home Life, group reserve considerations; Calvin Ewald, assistant superintendent of the special risks division of Continental Casualty, salary continuance and key man insurance and C. M. Barricklow, vice-president in charge of group of Business Men's Assurance, retired employees and group conversions.

### Cover Group Developments

Elsewhere on the program, the general sessions will cover developments in a number of areas in the group field. A report will be given Feb. 17 on what the insurance business is doing to provide coverage for dental bills after a talk by Dr. Rudolph H. Friedrich, secretary of Council of Dental Health of American Dental Assn. "What the Industry Is Doing in the Dental Field," will be the subject of a talk by William H. Stueck, general underwriter in the group department of Travelers.

"New Approaches to Group Certificate Forms," will be discussed the afternoon of Feb. 17 by Loring P. Gillespie, manager of the group department of the Fund, and H. E. Bliss, manager of group underwriting of Employers Mutual Liability.

George C. Foust Jr., vice-president of Towers, Perrin, Forster & Crosby, Inc., Philadelphia, will give "A Consultant's Look at Group Insurance" the morning of Feb. 18.

John J. Wrabetz, administrator of the medicare department of Mutual Benefit H.&A., will discuss the medi-

## Sir Edward Ferguson Elected Chairman Of Phoenix Assurance

Sir Edward Ferguson has been elected chairman of Phoenix Assurance, parent company of Phoenix of London group. He succeeds Lord Astor of Hever, who has relinquished that position but will remain on the board. Sir Edward previously has been deputy chairman and managing director.

D. J. R. Evans has been appointed general manager and T. H. Hodgson deputy general manager of Phoenix Assurance.

## Neely Will Speak At W. Va. I-Day Meeting Feb. 10

West Virginia I-Day will be held under the sponsorship of West Virginia Assn. of Insurance Agents and the Beckley association Feb. 10, in Beckley.

Sessions of the one-day meeting will be held at the Beckley hotel and at the memorial building.

Speakers at the meeting will be James J. Walker, Augusta, chairman of Southern Agents Conference; Harry F. Perlet, general manager of Multi-Peril Insurance Conference, who will discuss the impact of multiple line underwriting on coverages, contracts and operating results; J. Norvell Trice, Richmond, chairman of National Assn. of Insurance Agents educational committee, and Harold E. Neely, West Virginia commissioner of insurance.

The I-Day program also includes a panel on insurance to be composed of those speaking at the meeting. Frank R. Bell Jr., Charleston, national state director of West Virginia association, and William L. Pyle, Charleston manager of U.S.F.&G., will moderate.

## N. Y. Marine Unit Elects

Board of Underwriters (Marine) of New York has reelected William A. Bonner of Chubb & Son, president, and all other officers. Garnet McIndoe of Talbot, Bird & Co., Thomas M. Torrey, North America, Miles F. York, Atlantic Mutual, and Frank B. Zeller of Royal-Globe, were elected directors.

care program in the afternoon. James R. Williams, vice-president of Health Insurance Institute, will report on HII's public relations activities and some results of its efforts on behalf of the insurance business.

Concluding the afternoon session will be E. M. Erickson, group manager of Nationwide Mutual, and Winburne M. Paris, vice-president of General American Life, who will discuss "Sales Promotion—Merchandising."

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## Promote Five In HO Of Hartford A.&I.

Hartford Accident has made five promotions in the home office compensation and liability and actuarial departments.

J. D. Cheney, Robert C. Swanson and Robert C. Lukens have been advanced to superintendents of the compensation and liability department. A. V. Resony has been named actuary in the A&S division, and James H. Woodworth superintendent of the rating di-

vision of the actuarial department.

Mr. Cheney joined the company in the engineering department in 1925, and later transferred to the compensation and liability department where he has been an underwriter. Mr. Swanson has been with the company since 1941, Mr. Lukens since 1940, and Mr. Resony since 1946.

Mr. Woodworth joined the company in the actuarial department in 1948. Assigned to the San Francisco office in 1951, he was transferred to the home office in 1953.

## Glens Falls Elects Noyes Jr. Comptroller

Glens Falls has elected Harry G. Noyes Jr. comptroller, succeeding the late Robert R. Cowles. Mr. Noyes has been with the company 30 years. He formerly was chief statistician, having been advanced from assistant statistician in 1947.

Howard M. Mulert has been elected a director of Pittsburgh Assn. of Independent Insurance Agents.

## Hudson General Re Assistant Secretary

Harold J. Hudson Jr. has been appointed an assistant secretary of General Re. He joined the company in 1956 as a claims attorney after serving as manager of the casualty claims department of Commercial Union-Ocean's Cleveland office from 1952. He joined Commercial Union in 1950 as a claims attorney at Kansas City.

## Md. To Begin Collecting For UJF In February

Maryland will begin building the unsatisfied judgment fund created by the state legislature last year late next month when the state department of motor vehicles starts its annual registration and licensing activities. Maryland auto owners who are insured will pay an additional \$1 licensing fee, which will go into the fund. Under the UJF law they need do so only once. Auto owners not having liability insurance will be required to pay an \$8 fee, and before March 31, 1959, each insurer writing auto coverage in Maryland must pay 5% of its net direct premiums into the fund.

The fund will cover accidents involving uninsured motorists occurring on and after June 1, 1959, under a \$100 deductible with limits of 10/20/5.

Commissioner Monroe of the motor vehicles department said, however, that the legislature may be asked to step up the effective date to Jan. 1, 1959. He added that such a move would first have to be approved by the unsatisfied claim and judgment fund board.

Mr. Monroe estimated that 20% of the state's motorists are uninsured. He said he thought 10% of these would buy insurance prior to applying for new license plates.

## John Street Club Elects

Joseph E. Johnson of Indemnity of North America has been elected president of the John Street Club, New York insurance organization. Other officers named are Carl L. Dellenberger, Despart & Co., vice-president; Charles H. Pritchard III, Pritchard & Baird, secretary, and William C. Simpson, Royal-Globe, treasurer. C. J. Reid Jr., C. J. Reid & Co.; L. F. Corroon, R. A. Corroon & Co., and Mr. Simpson were elected to the board of governors.

Johnson & Higgins has expanded Canadian operations by the consolidation of its Canadian branch with Dupuis, Parizeau, Tremblay Ltd. of Montreal. Charles J. Dupuis and Paul E. Tremblay have been elected vice-presidents of Johnson & Higgins Ltd. of Canada.



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## Open New Crop-Hail Office In Spokane

U. S. & Foreign Management and Corroon & Reynolds have established a new office known as Northwest Crop-Hail Service at 609 Spokane &



Harold E. Thomas



John W. Safford

Eastern building, Spokane. The office will handle the writing of crop-hail insurance for the companies represented by these two groups.

The members of the staff of the new office are John W. Safford, regional manager, Harold E. Thomas, assistant manager, and Mrs. Joan M. Patrick, office manager. The production work, policy writing, servicing and supervision of crop-hail insurance for California, Idaho, Nevada, Oregon, Utah and Washington will be administered through the new Spokane office. The office will have available a competent and experienced staff of adjusters who have been affiliated with Mr. Safford and Mr. Thomas in crop-hail adjustment work in the past.

Mr. Safford, Mr. Thomas and Mrs. Patrick formerly were with the crop-hail department of Home for the same states.

## Baum To Retire As Cashier Of Continental Casualty

Alexander Baum, cashier of Continental Casualty, has gone into semi-retirement, and Joseph N. Zysko, manager of the payroll department, is succeeding him.

Mr. Baum has been with Continental since 1912 and will continue in a consulting capacity. He suffered a heart attack last summer which makes it necessary to limit his activities.

Mr. Zysko joined the company in 1954 as an internal auditor. Donald Thornton will replace him in the payroll department.

## Industrial Property Policy Approved In Ill.

The Illinois Inspection Bureau filing on the industrial property policy has been approved for use in Illinois effective Jan. 20. This provides a multiple line policy for industrial insureds covering fire, extended coverage, sprinkler leakage, burglary and some additional perils, such as vandalism and malicious mischief with further broadening coverage optional.

Eligibility is limited to insureds having two or more locations with a minimum premium of \$2,500 to \$10,000. A copy of the manual containing rules and rating method will be furnished upon written request to the bureau.

## Mass. Lawmakers Hold Hearings On Proposals

The Massachusetts legislature's joint insurance committee is holding hearings on proposed bills that include ones which would increase compulsory auto liability limits, set up a state rating bureau, create a state fund to write auto insurance, and allow insurers to write compulsory auto at varied rates.

A group of bills which would affect fire and casualty insurance also have been submitted to the committee. One would provide that a rate quoted to a prospect by an agent would remain in effect 45 days thereafter, despite any revision of the rate within that period. Another would require the commissioner to notify agents and brokers of new rate filings with producers paying \$5 annually for the service.

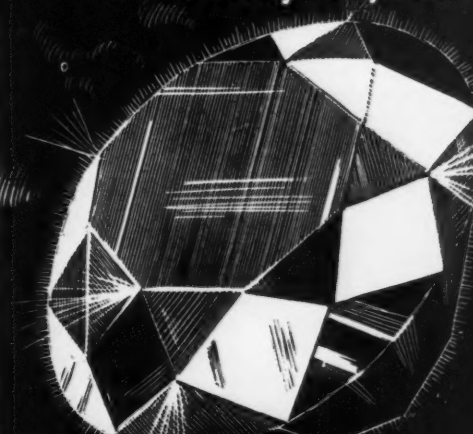
Also before the committee is a bill which would outlaw life agent contracts which cancel the agent's right to renewal commissions if he leaves the company. As proposed, the measure would also apply to fire and casualty agent contracts.

## Tri-State Adjusters Elect

Charles G. Lee, State of Pennsylvania, Shreveport, has been elected president of Tri-State (Arkansas, Texas and Louisiana) Claims Assn. at the annual meeting in Shreveport. Also elected were H. G. Dickens, Crawford & Co., Monroe, La., 1st vice-president; Henry Riser, Riser-Young & Kolb, Shreveport, 2nd vice-president; and Miss Donnie Moore, Travelers, secretary-treasurer.

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## Phoenix, Conn., Is Entering A&S Field

Loren W. Crooks has been appointed superintendent of the newly established A&S division of Phoenix of Hartford. This marks the group's entry into the A&S field, and is part of its over-all program of offering complete multiple-line insurance.

The companies will commence writing A&S in Connecticut and gradually

expand operations throughout New England before entering other territories.

The new division provides loss of time insurance for accident, accident and sickness, accident medical indemnity, accident loss of life, accident specified injuries, hospital, surgical and nursing benefits and short term coverage for tourists, sportsmen, hunters and vacationers.

Mr. Crooks was for eight years assistant superintendent of the A&S department of National of Hartford.

For the past two years he has been in Chicago as A&S supervisor for the western department of National.

## Ward Promoted At Chicago By Standard Accident

Standard Accident has appointed Lawrence A. Ward as assistant manager of the company's Chicago claim department. He joined Standard Accident in 1946 as a claim representative at Chicago and was made supervisor of claim adjusters in 1954.



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## O'Toole Firm Names E. H. Dinnegan A V-P

O'Toole Associates, Inc., insurance management consultants of Queens Village, N. Y., has promoted Edward H. Dinnegan to vice-president.

Mr. Dinnegan joined the O'Toole firm four years ago after six years of systems and punch-card operations experience with American International Underwriters in New York City, where he was on the planning staff. With O'Toole Associates, Mr. Dinnegan has directed nine of its largest studies of home office operations. He holds a B.S. degree in business management from Hunter college and is a graduate of the New York university management institute, where he received a certificate in systems and procedures.

## Texas Court Decides On Naming Attorneys In State Liquidations

AUSTIN—Texas supreme court, in a decision handed down Jan. 15 involving the naming of attorneys in state liquidations of insurance companies, apparently gave its blessing to a program of "cooperation" between the state board of insurance and district courts in such actions.

The dispute over naming attorneys is of long standing. Austin district courts formerly appointed them, but in 1955 the legislature passed a law seeking to vest this power in the insurance board. A friendly suit was filed to determine which government branch had that power.

### Board Not Sole Authority.

The supreme court's opinion said in part: "In our opinion the Texas statute does not vest the state board and its commissioner with the sole and exclusive power to appoint counsel under any and all conditions. Once liquidation has begun, the court is not rendered powerless to carry out its heavy responsibilities by a non-performance or mis-performance on the part of the board or its commissioner."

The opinion went on to say that "coordination or cooperation of two or more branches or departments of government in the solution of certain problems is both the usual and expected thing... A due regard for the powers and jurisdiction of the governmental departments involved is essential."

In line with its reasoning, the court refused to order District Judge Charles O. Betts in Austin to expunge his appointment of Renne Allred Jr. as attorney for J. D. Wheeler, state liquidator, in various receiverships including the ICT and U.S. Trust & Guaranty cases.

## Baltimore Casualty Claim Managers Elect Sitter

Richard E. Sitter of Employers Mutual of Wausau has been elected president of Baltimore Casualty Insurance Claim Managers Council. He succeeds Alexander Rossman of U. S. F.&G.

Other officers are Robert F. McGinnes, Indemnity of North America, vice-president, and Douglas Johnson, Fidelity & Casualty, secretary-treasurer.

## Mich. Surety Executives Elect Keith President

C. A. Keith, resident vice-president of Fidelity & Deposit, has been elected president of Michigan Casualty & Surety Executives Assn. R. K. Davis Jr., manager of Hartford Accident, was named vice-president, and John P. Keary, resident manager of Fidelity & Casualty, secretary-treasurer.



## WC Trends Raise Serious Problems For Industry, States, Business Leader Says

What is happening today in state workmen's compensation programs, whether they are achieving the goals for which they were created, and how they are looked upon by the working man, management, and the public in general, was discussed by Joseph R. Shaw, president of Associated Industries of New York State, at a meeting of National Industrial Conference Board in New York.

### Growing Dissatisfaction

For some time there has been a growing dissatisfaction about state programs, not in any narrow sense, he said, but more an expression of alarm about certain disturbing trends. Those most directly affected are employers since by statutory mandate employers must, initially at least, bear the cost of the programs.

These trends, he said, have now reached the point where it is appropriate to pause and appraise state WC programs, not only with a view to determining what has been happening, but also to discerning what may be ahead. It is necessary to learn the extent of departures from fundamental principles of WC laws and what will be their ultimate effect.

What has happened in New York is characteristic of the broadening trends that have been taking place in many other states, he said, particularly those which are heavily industrialized.

For some years Associated Industries of New York State has been concerned about the erosion of the basic

concepts in the state WC law, he said. Liberal interpretations by the appellate courts and a "hand-out philosophy" practiced on an administrative level brought the cost of the New York program to a point where it far exceeded those of all other states. This cost disparity, unfavorable to New York, served to focus considerable attention on the problem, and Gov. Dewey in 1953 appointed a Moreland act commissioner to investigate costs, operations and procedures under the WC law.

This led to the preparation of the report made to Gov. Harriman by the present Moreland act commissioner, Judge Joseph M. Callahan, and that issued by a special committee of New York State Bar Assn. appointed to study the WC law. Both were submitted a year ago.

### Significant Changes

The most significant changes that have occurred in New York, Mr. Shaw said, are the greatly expanded definition of what is an accidental injury and the gradual erosion of the wage loss concept which is the basic principle upon which the WC law was founded.

Judge Callahan's report stated: "The result of this liberal construction of the term 'accident' has been to place primary emphasis on the resulting injury as the catastrophe, and to open the way for claims based on conditions originating gradually and at least partly from the normal physical

(CONTINUED ON PAGE 18)



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## G.A.B. Makes Several Pacific Coast Changes

Several changes have been made in the Pacific coast department of General Adjustment Bureau.

C. J. Andrews has been named Los Angeles manager to replace C. H. Tandy, recently appointed southern California territory manager. Mr. Andrews joined the company at Tucson in 1942 and was promoted to manager there in 1951.

W. H. Van Deman has been named

to succeed Mr. Andrews at Tucson. He has served as manager at Douglas, Ariz. and Palm Springs, Cal.

H. B. Simpson Jr. succeeds Mr. Van Deman at Palm Springs. He joined G.A.B. in 1951 at Riverside, Cal. after two years with an insurance company.

A new branch office at Coolidge, Ariz. will be managed by Robert E. Scharping, who joined the company in 1951 and served as manager at Alamosa, Colo. prior to this appointment.

## National Board PR Activities Discussed

NEW YORK—Representatives of 16 organizations comprising the public relations advisory group of National Board met here to discuss suggestions and recommendations for PR activities. The National Board's public relations committee and staff acted as hosts.

At a workshop session of PR staff men of National Board and five regional associations, executives of East-

ern Underwriters Assn., Southeastern Underwriters Assn., Texas Insurance Advisory Assn., Pacific Board and Western Underwriters Assn. participated.

Discussed at both the advisory meeting and workshop were such activities as National Board's three national campaigns (Fire Prevention Week, holiday safety, and spring clean-up), films, advertising, publicity, informational pamphlets, and cooperation with other organizations in public service work, such as the Boy Scout national safety good turn campaign.

Roland H. Lange, vice-president of Hartford Fire and chairman of the PR committee of National Board, conducted the advisory group session, and F. W. Westervelt, manager of the PR department of National Board, conducted the workshop session.

The 16 organizations and their representatives were:

American Assn. of Managing General Agents, Herbert Marshall; Pacific Board, Frank C. Colridge and Herbert H. Kirschner; Eastern Underwriters Assn., George C. Peacock of Agricultural and F. W. Doremus and R. G. McKay; Factory Insurance Assn., R. M. Taft; General Adjustment Bureau, Allan Wikman; Insurance Advertising Conference, E. V. Schenke of Royal-Globe; National Assn. of Casualty & Surety Agents, R. J. Weghorn of New York; National Assn. of Independent Insurance Adjusters, Benjamin P. Garton of Boston.

Also, National Assn. of Insurance Agents, J. R. Mathews, and Alan H. Miller of Hackensack; National Assn. of Insurance Brokers, C. E. Mathewson Jr. of New York; National Automobile Underwriters Assn., R. W. Nelson; SEUA, Harold F. Gee of Firemen's; R. M. McFarland Jr.; Texas Advisory Assn., William J. Harding; Underwriters Laboratories, H. B. Whitaker; Western Adjustment, M. W. Whitelaw, and WUA, Walter Dithmer.

## Brokers Have National Product Research Group

National Assn. of Insurance Brokers has appointed a new product research committee. Melvin A. Holmes, vice-president of Frank B. Hall & Co. of New York and a member of the governing committee of the association was named chairman. Other members are Louis W. Francis Jr., vice-president of Brown, Crosby & Co.; Robert S. Billiam, vice-president of Marsh & MacLennan; Charles A. Mignerey, of Lukens, Savage & Washburn; and M. J. Ladd of Boston, president of the association, ex-officio. All the members except Mr. Ladd are from New York.

Initially the committee will work with insurance organizations having headquarters in New York. However, the work of the committee is to be predominantly national in scope, and it will work closely with committees to be formed by local associations of brokers. Such a committee already has been appointed by Insurance Brokers Assn. of Massachusetts and is at work.

## Baltimore Casualty Club Elects Wright President

Casualty & Surety Club of Baltimore has elected Robert A. Wright of Maryland Casualty president, A. C. Bentz of New Amsterdam Casualty vice-president, R. Glover Bauer Jr. of U.S.F.&G. secretary, C. M. Snyder of New Amsterdam treasurer and Henry C. Garde of Fidelity & Deposit, E. J. Whellie of Maryland Casualty, A. C. Bentz of New Amsterdam, and W. T. Harrington of U.S.F.&G., directors.

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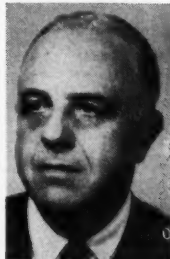
## Brown, Gregory Rise In American Surety

Randolph E. Brown has been elected first vice-president and Thomas M. Gregory a vice-president of American Surety.

Mr. Brown also is a vice-president



Thomas M. Gregory



Randolph E. Brown

and director of the company's affiliate, American Life. He joined American Surety in 1935 after 10 years as a local agent in Florida.

Mr. Gregory has been manager of the contract department. He joined American Surety in 1936, and served in various home office and field underwriting, production, and administration positions prior to being appointed manager at Houston in 1947. He was named contract manager in the home office last September.

## Highway Safety Article Based On Markel Survey

An article titled "America's Most Dangerous Roads," published in a recent issue of the *American Weekly*, was based on a nationwide survey made by 150 safety engineers of Markel Service of Richmond, Va., international specialists in highway safety engineering.

Written by Oscar Schisgall, the article warns drivers to beware of such challenges to motoring safety as the four-lane highway that narrows to three lanes; areas on turnpikes and thruways bordered by restaurants and cafes—also industrial areas where special highway entrances are not constructed; flat, straight roads that cause a driver to forget his speed; roads which induce self-hypnosis and drowsiness; roadside trees that obscure vision at turns; roads which are too hilly, too narrow, and too slippery when wet; bridges and tunnels where bottlenecks occur, and scenery along the highway that may distract the driver from the job at hand.

## NAMIA Faculty Named

National Assn. of Mutual Insurance Agents will sponsor its second annual school for agents July 21-Aug. 22, at

Oberlin college in Oberlin, O. The first school was held at the University of North Carolina last year.

David A. Irvy, associate professor of insurance at the University of Connecticut, will again direct activities at the school, as well as teach. Assisting him will be Grant M. Osborn, associate professor, University of Omaha, and J. Edward Hedges of Indiana university. All three are well-known as instructors in fire and casualty insurance.

This year the school faculty will also include some 25 company and agency representatives.

Enrollment in the five-week school will be limited to 60 agents.

## Sees Metcalf Bills Leading To Pressure For State A&S In N. Y.

Nine out of 10 New York state residents now covered by some form of voluntary health insurance would be told what kind of coverage they must buy if the Metcalf bills become law, Howard A. Austin Jr., 2nd vice-president of Prudential's northeastern home office, told Buffalo Assn. of Life Underwriters.

The proposals by the joint legislative committee on health insurance, headed by Sen. Metcalf of Auburn, would make it impossible for many insurers to continue an A&S business in New York, Mr. Austin said. Those that did continue would have to set premium rates beyond the reach of many people.

"Inevitably under these conditions, pressure would result for the state government itself to get into the health insurance business," he said. "I can't believe New Yorkers want to be told what kind of insurance they must buy."

## Growth From Voluntary Action

The great growth of A&S in recent years has stemmed from voluntary action. The insurance industry's own action, not government legislation, he goals in offering better A&S plans parallel those of the various sponsors of legislation. However, progress must rely on actuarial soundness and a proper period of experimentation.

He warned that legislation restricting activities and further experimentation by the insurance industry in broader A&S coverages could produce greater problems tomorrow than those faced today. The problem of providing health care for the physically and mentally impaired and the indigent are certainly areas in which local government has a responsibility, but there is a danger that the federal and state governments will go too far, too fast, he declared.

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## Convention Dates

- Feb. 6-7, Conference of Mutual Casualty Companies, fire conference, Conrad Hilton hotel, Chicago.
- Feb. 10, West Virginia "T" Day, annual, Beckley.
- Feb. 17-19, Health Insurance Assn., group insurance forum, Drake hotel, Chicago.
- Feb. 19-21, Michigan Assn. of Insurance Agents, mid-year, Sheraton-Cadillac hotel, Detroit.
- Mar. 5-6, Fire Underwriters Assn. of the Pacific, annual, Fairmont hotel, San Francisco.
- Mar. 10-11, Health Insurance Assn., methods & procedures forum, Biltmore hotel, New York City.
- Mar. 12-13, National Assn. of Independent Insurers, annual spring workshop, Monteleone hotel, New Orleans.
- Mar. 13-14, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton hotel, Chicago.
- Mar. 13-15, Tri State Mutual Agents Assn., annual, Lord Baltimore hotel, Baltimore.
- Mar. 14-15, Tri-State Mutual Agents Assn., Lord Baltimore hotel, Baltimore.
- Mar. 16-18, Eastern Agents Conference, Claridge hotel, Atlantic City.
- Mar. 24, Rhode Island Assn. of Insurance Agents, midyear, Sheraton-Biltmore, Providence.
- April 14-16, Life Insurance Agency Managers Assn., A&S meeting, Edgewater Beach hotel, Chicago.
- April 24, Chicago "T" Day, Conrad Hilton hotel.
- April 24-26, National Board of State Directors of NAIA, midyear, Fontainebleau hotel, Miami Beach.
- April 24-26, Southern Agents Conference, annual, Fontainebleau hotel, Miami Beach.
- May 1-3, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 1-3, North Carolina Assn. of Insurance Agents, annual, Hotel Carolina, Pinehurst, N. C.
- May 2-3, Oklahoma Assn. of Insurance Agents, annual, Mayo hotel, Tulsa.
- May 5-7, American Mutual Insurance Alliance, annual, Edgewater Beach hotel, Chicago.
- May 8-9, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton hotel, Chicago.
- May 11-14, American Assn. of Managing General Agents, annual, Broadmoor hotel, Colorado Springs, Colo.
- May 12-14, National Assn. of Mutual Insurance Agents, midyear, Kentucky hotel, Louisville.
- May 13-14, Illinois Bureau of Casualty Insurers, annual, St. Nicholas hotel, Springfield, Ill.
- May 22, Midwestern Independent Statistical Service, annual, Blismark hotel, Chicago.
- June 6-7, Pennsylvania Claim Men's Assn., annual, Bedford Springs.
- June 8-10, Maryland Assn. of Insurance Agents, midyear, Commander hotel, Ocean City, Md.
- June 8-11, Conference of Mutual Casualty Companies, management conference, Grove Park Inn, Asheville, N. C.
- June 9-13, National Assn. of Insurance Commissioners, annual, Conrad Hilton hotel, Chicago.
- June 11-12, Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.
- June 11-14, International Assn. of A&H Underwriters, annual, Statler hotel, Los Angeles.
- June 11-14, National Assn. of Public Insurance Adjusters, annual, Hotel Traymore, Atlantic City, N. J.
- June 19-21, Georgia Assn. of Insurance Agents, annual, General Oglethorpe hotel, Savannah.
- Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.
- Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.
- Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
- Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.
- Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.
- Sept. 22-23, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.
- Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City.
- Oct. 6-9, National Assn. of Insurance Agents, annual, New Orleans.
- Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.
- Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.
- Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.
- Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.
- Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.

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# COMMENTS

# TRENDS

# OBSERVATIONS

## Fear Of Big Award Causes Insurers To Pay BL, PDL Claims When There Is No Liability

J. M. Kidd, U. S. manager of Norwich Union group, has issued a bulletin to general agents, department and other managers and field men calling for greater courage, firmness and propriety in handling auto liability claims. He asks that the bulletin be circulated among claims personnel, adjusters and attorneys.

"There is no doubt whatsoever that we are paying too much for automobile claims and that the fear of big figures is causing us to pay very often where there is no liability," he states in a memorandum introduction. The bulletin reads:

### Fear Is Contributing Cause

One of the contributing causes of the current disastrous automobile experience is "fear" by casualty companies in the handling of claims. The steep rise in awards has upset the reliable estimation of the value of an accident and it behooves us all to re-adjust our perspective and return to the old basis of considering all the facts, of making our decision deliberately and of holding to it regardless of conflicting influences.

There is a fear of big awards; fear of which way a jury will go; fear of false evidence; fear of lack of support by insured; fear of prejudice against insurance companies; even fear of our own inability to assess the value of a claim. To avoid the danger of inadvertently developing a "fear" complex, it is desirable that we should lay down some guiding principles:

The first and essential condition is: (1) the assembly of the true facts, (2) sober judgment on the merits of the case and (3) determination. By "determination" we do not imply obduracy or inflexibility but we do insist on the elimination of "fear," which means maintaining the courage of our own convictions.

### Negligence Fundamental Principle

So long as the "law of negligence" is the law of the land governing liability claims, it will be the fundamental principle motivating our payment of any claim to a third party. Negligence must be proved to our satisfaction. Where necessary, we have to "bone up" on the law. We have to be capable of coming to a sure decision on a point of law without the need to call in attorneys.

When a "liability" accident occurs, we must start with a painstaking investigation; we have to employ only reliable and hardworking people. "We have to work from the beginning on the premise of eventual litigation. Our investigators must get to work without loss of time, assemble a clear record of the actual circumstances of the accident—supply a diagram of the locus, make photographs, procure witnesses' statements—in a word, provide a complete corroboration of the true facts.

The next step is to determine whether or not liability on the part of our insured exists. If there is no ques-

tion whatsoever, the claim should be settled as quickly as possible for an amount not exceeding that fixed in our own judgment. If liability exists and the claim is extortionate, the case has to be prepared for litigation, if eventually necessary, with energy and skill; there has to be a readiness to seek settlement on a proper figure.

When we are satisfied that liability does not exist on the part of our insured we must work up our case, again with all skill and energy and without neglect of the smallest detail. We must consult with our attorneys. At all times, we have to watch for changes in evidence and apply constantly sober judgment. It may be that the cost of defense versus a limited payment may decide in favor of expediency but then even more careful control must be exercised.

We have to recognize the possibility of a "fear" approach to assessing the merits of settling a claim and be on our guard constantly. We must be certain that we are not loading our loss ratio by sums which ought not to have been paid.

## Takes To Poetry To Describe Variety Of Underwriting Task

R. E. Sunburg, an underwriter at Hartford Accident in the home office, describes some of the complexity of the underwriter's function in the following:

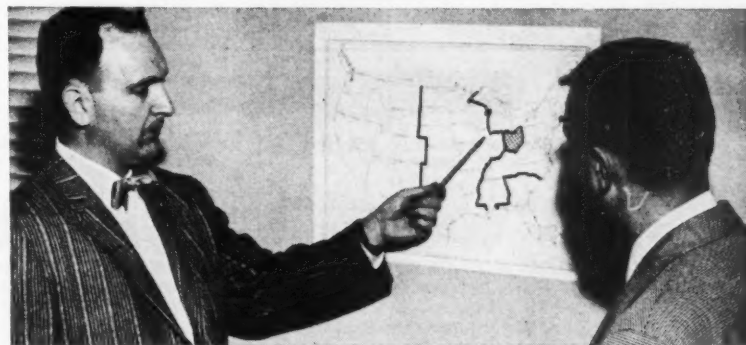
An underwriter indeed  
Is a curious thing,  
And the name a misnomer  
As soon will be seen.  
An underwriter is deemed  
As one may learn,  
A subscriber of policies  
And insurance terms.

Who processes such risks  
How is it done,  
What judgment and detail  
Are expended thereon?  
Who clears the confusion  
Fills in the blanks,  
Before official approval  
On them is stamped?

Who resolves statements  
Of finances so broad,  
And sees the fine print  
So buried with care?  
Who courses the law  
To find hidden lair,  
And brings to the light  
Current political flare?

Who soothes the feelings  
Of the agent aggrieved,  
And much later learns  
The cause of the peeve?  
Who declines risks  
With smoothness and ease,  
And similarly conveys  
Anxiety to please?

Who finds the letter,  
The one marked "RUSH,"



John Wrabetz (left), administrator of the armed forces "Medicare" program for Mutual Benefit H.&A., discusses with his assistant, Ben Patterson, the handling of claims in the territory for which the company is responsible. The company pays hospital expenses incurred under the program in 17 states, with more than 4,000 hospitals in those states participating. In addition, the company pays doctors' fees under the program in Ohio and Rhode Island.

When the mail clerk infers  
"I've looked far enough?"  
Who labors so long  
At belligerent machine  
When the typist is out  
Or just can't be seen?

Who trains the youth  
That the company hires,  
Imparting the wisdom  
Gained under fire?  
Who guides this youth  
When out in the world,  
Smoothing out problems  
That shouldn't occur?

An underwriter indeed  
Is a curious thing,  
And the name a misnomer  
As we have just seen,  
Lawyer, accountant  
And much more beside,  
What sort of a man  
Does this misnomer hide?

## Echoes Of Insurance In Broadway Titles

A letter from New York City subscriber relates some titles of Broadway shows related to insurance:

Net premiums written, "Time Remembered."  
Net premiums earned, "Fair Game."  
Loss ratio, "Annie Get Your Gun" (revived).  
Expense ratio, "A Visit to a Small Planet."  
Combined loss and expense ratio, "Look Back in Anger."  
Incurred losses, "Bells Are Ringing."  
Policyholders surplus, "The Most Happy Fella."  
Unearned premiums, "Can Can."  
Underwriting profit or loss, "Long Day's Journey into Night."  
Underwriting policy, "The Rope Dancers."  
Losses incurred to premiums earned, "Two For the Seesaw."  
Statutory underwriting loss, "Look Homeward Angel."  
Net investment income, "My Fair Lady."  
Trend Factor, "New Girl in Town."  
Reinsurance, "Compulsion."

## Property Field Not Alone Underinsured

Underinsurance in property coverage is one of the shames of the business, but in the casualty and surety field the record is not much better. An insurer reports an example of this in a blanket position bond with a penalty of \$5,000.

Written in midyear and renewed the next year, the bond at the end of the second year showed up woefully inadequate when an auditor employed by insured committed suicide. Audit revealed misappropriations of \$26,000. The auditor had spent funds from petty cash to pay legitimate bills. When his employer wrote a check to replenish the petty cash fund, the auditor raised the amount of the check.

It was determined that the insured firm was precluded from asserting the forgery on a vast majority of the checks due to its negligence in drawing the check and its failure to examine the cancelled check when returned to it by the drawee bank. Insured then made claim against its fidelity insurer for \$10,000, claiming the insurer was liable for \$5,000 for each year the bond was in effect. The insurer issued a \$5,000 draft, payable to insured, as a discharge of its liability and pointed out the provision in its bond foreclosing cumulative liability, as well as another provision of the bond which read, "Regardless of the number of years this bond shall continue in force and of the number of those covered under it as insured, liability hereunder on account of any employee shall not exceed the aggregate of the amount carried under this bond on such employee."

Insured accepted this draft with the provision that it did not constitute a waiver of its rights to contest the right of cumulative liability. Suit was later brought and the state supreme court upheld the position taken by the company.

Fredrick K. Francis, who has been in the fire and casualty field for more than 30 years, has been appointed account executive by Michigan Mutual Liability.

## Rudolph Retires At Seaboard Surety And Hume Succeeds Him

Harold W. Rudolph, secretary and general counsel of Seaboard Surety since its inception, is retiring and Robert R. Hume has been appointed secretary and general counsel to succeed him.

After 19 years with American Surety at New York, where he served as manager of the fidelity salvage divi-

sion, and then as attorney in the legal department, Mr. Hume joined Seaboard Surety as an attorney in 1952. In 1953 he was appointed assistant general counsel. He was a former instructor in law for Insurance Society of New York in its CPCU course.

Walter R. White Jr., 2nd vice-president of Lumbermens Mutual Casualty and American Motorists, discussed "What's Wrong with Boiler and Machinery Coverage Today" at the Jan. 30 meeting of Wisconsin Insurance Buyers at Milwaukee.

## Underwriting Coverage Needed, Twin Cities Casualty Men Told

MINNEAPOLIS—In his talk before a record-breaking turnout at the dinner meeting of Twin Cities Casualty Insurance Underwriters Assn. here, J. C. O'Connor, executive editor *Fire, Casualty & Surety Bulletins* of the National Underwriter Co., said the business badly needs courage, thoughtful analysis and independent judgment

on the part of underwriters. He criticized "book" underwriting as the work of a clerk, rather than an underwriter, and said that blame for the prevalence of this condition should also fall upon company executives who expect or tolerate this and upon producers who rely upon winning arguments over hair-splitting interpretations of manual rules.

### Blanket Underwriting Bad

Blanket underwriting—rejection of all risks in a certain class, occupation, locality, etc.—is just as bad, Mr. O'Connor said. It has done the insurance business no good in public and political relations and will cost dearly if continued. Instead, he said, the challenge is for an underwriter to get the facts on each risk, study its exposures and have the courage to get a premium commensurate with the risk without relying on the claims department to bail him out of his mistakes.

Mr. O'Connor also said he thinks the present trend in some localities toward reducing commissions on certain types of automobile business is simply an operation of economic laws. Over the years, companies have always paid more to secure business which they think desirable and expect to be profitable than business which they do not particularly want and expect to be unprofitable. Nor has this been confined to agency companies. Acquisition cost is acquisition cost, no matter what it is called now how it is handled.

### No Fundamental Difference

Mr. O'Connor said he can see no fundamental difference between a company which operates through independent agents paying five percentage points more commission for business which it wants and a direct writing or non-vested agency company paying bonuses or awarding extra points in a prize contest for the same type of business. In his opinion, the present situation is a manifestation of the law of supply and demand and, in the long run, will help preserve a market and will be more advantageous to the free insurance business than government regulation or group agreements.

The large attendance was augmented by members of Twin Cities Fire Underwriters Assn. and guests representing many segments of the business. R. C. Steen, American, president of the casualty organization, welcomed them, and D. J. Krueger, Mutual Service, vice-president, introduced Mr. O'Connor. S. A. Broughton, Minnesota Mutual, program chairman, got a hand for his part in organizing the meeting and drawing such a crowd.



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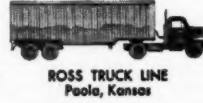
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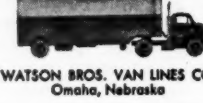
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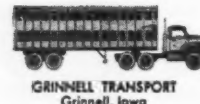
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## William Leslie Jr. Named Secretary Of America Fore Group

William Leslie Jr. has been appointed a secretary of America Fore group.

He entered insurance with Fidelity & Casualty, a member of the group. Later associated with National Bureau of Casualty Underwriters and with Royal-Globe, he joined National Council on Compensation Insurance as assistant manager in 1950, and subsequently became manager. He rejoined America Fore as actuary last year.



William Leslie Jr.

## Ill. Inspection Expands Criticism Form Procedure

Illinois Inspection Bureau has expanded its "URGENT" form of criticism on dwelling risks in connection with auditing of daily reports and endorsements from agents, not exceeding \$20,000 in amount, to include apartment houses, private boarding and rooming houses, chapter, fraternity or sorority houses and nurses' and sisters' homes rated under the provisions of the bureau's dwelling or apartment house schedules.

The bureau's first "URGENT" form covered dwellings only and appeared about four years ago. It was an immediate success. The form contains the criticisms of the original daily, with suitable boxes for the agent to fill in to comply with the bureau's regulations and specifications, if he so agrees. Stressing the urgent motif and simplicity of filling out the form has resulted in getting the revised dailies back to the bureau with a minimum of delay.

Illinois Inspection Bureau stresses that speed in handling all around is important, since the companies are not aware of their liability until the "URGENT" form, the corrected daily, and any endorsements are returned as a unit to the bureau's audit department. Only then is the risk stamped approved by the bureau and sent on to the company.

## Compulsory Auto, Other Bills Introduced In Miss.

Several insurance bills have been introduced in the Mississippi legislature, now in session. Among them are a compulsory auto bill, a bill to increase the liability limits required of common carriers, etc., and one to set up an automobile assigned risk plan with arrangements for use of rate modifications for such coverage.

Bills also have been introduced to authorize municipal, county and other community hospitals to take out liability insurance, to establish a surplus lines law, to make deviations subject to approval of the insurance commission, and to require insurers to pay losses within a reasonable time.

Other bills would remove the exemption of domestic insurers from payment of sales and use tax, levy a license and privilege tax on insurers based upon premiums, require out-of-state companies to have paid up stock and surplus equal to that required for the organization of domestic insurers, and to provide a method of appeal from an order of the insurance commission.

## Louisiana Approves Forms

The casualty division of the Louisiana rating commission has approved industrial property policy filings by

American Auto and American, General of Seattle, and Ohio Casualty. The division has also approved homeowners and tenants filings by Transportation Insurance Rating Bureau and by St. Paul F&M.

## North America 'Fieldman' Wins Printing Gold Medal

The Fieldman, North America's monthly magazine for agents, has won a gold medal award in competition sponsored by Printing Industries of Philadelphia in conjunction with National Printing Week.

Sole prize winner in its category, The Fieldman was judged best for its excellence of mechanical production, design and functional value. This year's competition was the first in which the magazine was entered.

George Becton of Lincoln Photo Engraving Co. of Philadelphia presented the gold medal award on behalf of Printing Industries to Clark Smitheman, associate editor of The Fieldman, at the annual awards dinner.

## Giel, Ex-Big Ten Grid Star, Joins Minn. Agency

Paul Giel, outstanding athlete while at University of Minnesota, has joined the Philip Bau-



Paul Giel

mann agency of Winona, Minn. Mr. Giel who captained the Gopher football team, was on the all-American team in 1952 and '53, and was voted most valuable player in the Big Ten. Also a promising baseball pitcher, he signed a bonus contract with the New York Giants after his graduation in 1954.

## Mass. Bonding Cuts Commissions On Class 2 Business In Mass.

Massachusetts Bonding has reduced commissions on compulsory automobile liability for class 2 risks in Massachusetts from 12½ to 10% for general agents, and from 7 and 10% to 5% for regional and local agents, effective March 1. For the optional automobile coverages on class 2 business the commission is reduced to 15% for general agents.

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## Says WC Raises Problems For Industry, States

(CONTINUED ON PAGE 11)

degeneration of the human body. The increase in the number of such cases has brought the charge that the workmen's compensation law threatens to become a general health insurance law, rather than one intended to compensate accidental injury."

Heart cases are the type which provide the most serious concern in this area, Mr. Shaw said. Citing the re-

sults of a survey of 398 physicians concerning heart cases construed as accidents under the law made by Judge Callahan, he said that 93% of the doctors expressed the view that work does not produce heart disease. Other survey results were that coronary occlusion is preceded by coronary sclerosis; that coronary occlusion occurring during moderately heavy

work without engaging in unusual exertion is not causally related to employment; that the medical profession is about evenly divided on whether strenuous exertion or emotional disturbance can produce an occlusion—with the emotional factor being considered to play a more important role than the physical, and with the time spread between exertion and attack also being of material importance and that subsequent infractions are not related to earlier ones.

The state bar association commit-

tee's reported on the broadening of the concept of accidental injury that the workmen's compensation board's decisions "indicate that they have in recent years placed in the accident category such things as riding over rough roads, which caused a back injury, a restrained sneeze which resulted in a fractured rib, criticism of an employee by his employer causing an emotional upset followed by a coronary occlusion, and a bite from an insect in packing material which produced a rash."

### Number Of Factors Responsible

A number of factors have brought WC programs to this point, Mr. Shaw said. To a great extent there has been a drift with that trend of the times. There seems a general willingness today—and the verdicts handed out in negligence cases in the courts constitute a prime example—to "give something" regardless of fault, to the injured or the ailing, provided "the other fellow is going to pay for it."

Organized labor has been unusually aggressive in the handling of WC claims for its rank and file, he said. It has also been extraordinarily aggressive on a legislative level in broadening state laws. This aggressiveness is evidenced by awards and decisions made on an administrative level. The liability of administrative decisions is inevitably reflected in decision by the courts.

He said the objective of organized labor has been a very simple one: "We want more."

### Criticism Justified

While this objective of organized labor is understandable, he said criticism is fully justified of its adamant and uncompromising opposition to any reasonable amendments or improvements to workmen's compensation laws.

Also bearing on the broadening trend in WC programs is the indifference of management.

Is all of this in the community interest or the public interest? he asked. Can it be said that workmen's compensation programs command the confidence of the public and even that of the working when a widow and dependent children are given an award because her husband just happened to be at work on the employer's premises when he had his fatal heart attack, while the widow and children next door get nothing because her husband was so unfortunate as to have his fatal heart attack at home? This is a good illustration of the discriminatory effect of current trends in WC, he said.

### Rising Costs A Problem

The rapidly rising cost of these programs poses another problem, the deterrent effects of high WC costs upon one state in the competition with other states for industries.

The growing industrial competition between the U.S. and foreign countries points up the critical importance of costs of doing business, he said.

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## Tells Rudiments Of Good Fire Examiner

Assuming the moral hazard is absent and premium is sufficient, welcome any legitimate enterprise in need of protection, C. N. Mullican Jr., fire manager of Fireman's Fund at Chicago, told that city's Assn. of Fire Insurance Examiners at its first annual meeting for 1958.

"Keep an open and receptive mind," he said. "Devise ways to accept the risk rather than just saying 'no'. Think more on how can we do business with a person and not why does this person want to do business with us."

Mr. Mullican said that in 30 years in the business he had never seen two underwriters exactly alike but they all possess certain like characteristics. First of all, he suggested that a good underwriter must be of adult or mature mind, pointing out that maturity is a state of being and has nothing to do with age in years. He said that an underwriter worthy of the name "examiner" is mature. "These are tough times and little people or little minds are just not for the business. What is wanted are mature and well trained underwriters."

Good underwriting is synonymous with good judgment, and judgment, like maturing, generally improves as the individual ages, the speaker said. To exercise this judgment the underwriter must have actual, factual, complete and "unedited" information. As to the latter, Mr. Mullican said he meant no underwriter or examiner worthy of the name would let various suggestions written on the report from the agent or otherwise suggesting that the risk be accepted or not accepted influence him. The underwriter must use his own judgment.

### Underwriters Are Curious

Good underwriters are curious. Curiosity more than any other trait forces an active mind to find reasons to carry a risk. Also the examiner must have imagination. Without it, all similar risks become alike. An underwriter with no curiosity or imagination should get out of the business, he declared.

As a final point, a good underwriter is a well educated man. This means he must keep informed on the latest developments in a variety of fields, and must understand their "vocabularies." He stressed that extended formal education is not necessary, that the good underwriter is an educated man nevertheless.

There are a couple of things so self-evident and so fundamental that speakers on the subject often fail to mention them, Mr. Mullican declared: Always secure full and accurate information and get up-to-date facts; also, from time to time review the case. For instance, now that stocks of mercantile and commercial enterprises are eligible for other than annual term only, these risks can be booked and laid away for five years. Mr. Mullican feels, however, that these and certain other cases should be looked into periodically.

Assn. of Fire Insurance Examiners of Chicago will hold its annual inspection Mar. 20 at the U. S. Steel plant in Gary, Ind.

## Mich. Insurance Information Service Elects Carton

John H. Carton, president of Wolverine and Federal L&C., has been elected chairman of Michigan Insurance

Information Service, with offices in Lansing.

Elmer P. Simon, Frankenmuth Mutual, was named secretary, and Calvin H. Schultz, Michigan Millers Mutual, Lansing, treasurer. L. J. Carey, Michigan Mutual Liability, Detroit, retired as chairman, becoming an executive committee member, ex-officio. W. C. Searl, Auto Owners, Lansing, retired as secretary, and Edward G. Rockwell, Detroit Automobile Inter-Insurance Exchange, as treasurer.

## Kansas Fire Assn. Holds Topeka Meeting

Kansas Fire Underwriters Assn. recently held its semi-annual meeting in Topeka, presided over by J. Max Marshall. Walter H. Wolf, special representative of Western Underwriters Assn., gave a short talk, and a film "Automobile Arson," furnished by National Automobile Theft Bureau, was shown. At the luncheon session Commissioner Sullivan of Kansas discussed the new and more complete agents' license application. The afternoon session was devoted to discussion of plans for 12 scheduled public relations zone meetings to be held this spring.

## Mich. Blue Shield Plans Medical Deductible

ANN ARBOR, MICH.—A medical expense coverage program with deductible features is to be announced shortly by Michigan Medical Service (Blue Shield), it was disclosed during the past week by Thomas C. Paton, professional relations director for the organization. He was addressing a session of the Michigan Rural Health Conference.

The plan, Mr. Paton indicated, will offer separate contracts to persons having maximum salaries of \$2,500,

\$5,000 and \$7,500, with amounts deductible, respectively, of \$25, \$50 and \$75. These also would be the minimum charges for the service on an annual basis.

Mr. Paton said that physicians would be free to negotiate for additional fees from persons making in excess of \$7,500 yearly. He said the plan's costs "have not been determined finally but we hope they can be kept low." Added benefits, he said, would be diagnostic work, laboratory tests and x-rays, together with payment of consultants, surgical assistants, or other professional aid called in by attending doctors.

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## N.Y. Mutual Agents Assn. Head Berates Assigned Risk Commission Cuts

Paul A. Garrick of Medina, president of Mutual Agents Assn. of New York, commenting on the proposal to reduce commissions on auto assigned risks in New York from 10 to 5%, says it is absolutely impossible profitably to handle the accounts for the 5% commission.

Writing in the association magazine, the Triangle, he says it would be obvious to any accountant who has made a study of agency expenses that an agent handling assigned risk business would be compelled to subsidize it from higher commission lines.

Company executives who have said that assigned risk commissions were excessive in view of the fact the business did not have to be sold don't face the stark reality of the situation faced by the agent, he contends, who knows as a matter of practical application that assigned risk business takes much more time and effort to handle than ordinary business.

Many people feel that most assigned risk business is high-rated, yet nearly 50% is 1A, 1B and farm business put in assigned risk due to the applicant's advanced age or physical condition, he writes.

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The completion of the assigned risk application, the added service required to keep the coverage in force, to remit premiums in advance, and keep insured straight on FS-1 filings exceeds by far the service to ordinary risks, he writes.

"I cannot understand why the undesirable risk in the assigned risk plan has suddenly become the favored citizen, in that blood must be taken from the producer in order to furnish the risk insurance and services at less than cost."

Obviously, he writes, the same condition holds true as far as losses to the company are concerned. It is perfectly clear the good driver is subsidizing the poor driver.

When, he asks, are the rating organizations and the insurance business going to indicate they have the intestinal fortitude to make the undesirable risk stand on his own feet, without penalizing the good driver or the business for his activities?

## 1961 NAMIA Midyear, Annual Sites Selected

The convention committee of National Assn. of Mutual Insurance Agents has selected Houston as the site of the 1961 midyear meeting, and Detroit for the annual convention in 1961. The midyear will be held at the Shamrock hotel, March 27-29 the annual at the Sheraton-Cadillac, Oct. 16-18.

The Flamingo hotel at Las Vegas was selected for the 1960 midyear and the Statler, Washington, D. C., for the annual, Oct. 22-27.

This year NAMIA will hold its mid-year May 12-14 at the Kentucky hotel in Louisville, and the annual Oct. 20-22 at the Commodore in New York.

The dates and sites of the 1959 mid-year and annual meetings have not been set.

## Houston F. & C. Names Goff, Kieweg To New Posts

William E. Goff, field man at Long Beach, Cal., has been named manager at San Diego for Houston Fire & Casualty. He has had 10 years of insurance experience and prior to joining the company in 1955, he was with Glens Falls.

At Pasadena, Cal., Howard Kieweg has been advanced to casualty underwriter after four years in the field at Los Angeles. He has had 15 years of multiple line experience.



## Goodwin, Former V-P, Rejoins Security-Conn.

Ernest V. Goodwin, former vice-president of Security-Connecticut, has rejoined that group. He left it last year when a series of management changes were made.

He originally joined the group in 1920. During the following 37 years he advanced from fire underwriter through the managerial ranks to become vice-president in charge of underwriting. He was active in the integration of the companies and the formation of Security-Connecticut Life. He has reassumed underwriting duties with the group.

## Internatl. Claim Assn.

### Names 1958 Committees

George L. Lane Jr., Metropolitan Life, president of International Claim Assn., has appointed standing committees for 1958.

The chairmen are: William J. McBurney, Prudential, program; George F. Monks, New York Life, entertainment; Robert G. Hill, Security Mutual, hotel accommodations; Don Bales, Franklin Life, transportation; R. K. Evans, National Life & Accident, auditing; Kenneth L. Merley, Federal Life, law; Edmund W. Sours, Aetna Life, group; Elmer J. Rasmussen, Continental Casualty, A&S; John E. Patterson, New York Life, life; Samuel B. Reed, Connecticut General, Health Insurance Council; Kenneth C. Berry, Lumbermens Mutual Casualty, lay adjusters; Francis X. Reilly, Guardian Life, public relations, and Godfrey M. Day, Connecticut General, service claims liaison.

## Fire Investigation Is Topic At Midyear Meeting

Members of Wisconsin Fire Underwriters Assn. heard a description of fire investigation work at their recent midyear meeting from Herbert J. Gurn, deputy chief of the Milwaukee fire prevention bureau and head of the fire department arson squad.

## Mansfield Retires From GAB At Portland, Ore.

Archie F. Mansfield, general adjuster of General Adjustment Bureau, has retired.

He joined Pacific Coast Adjustment Bureau, predecessor to GAB, in 1925 at Sacramento, where he worked for six years. During his career, he had also been assigned to the Medford and Portland, Ore., offices and after World War II, he was named general adjuster at Portland.

## Publish Handbook To Help New Girl In The Agency

Local Agency Office Handbook for Beginners by Betty Augustus, Written to help solve the breaking-in problem of the new girl in the agency, has been published by Rough Notes Co. The handbook is designed to quickly acquaint the new girl with insurance terminology, the multitude of things to be done and when and how they should be done. The book can be read in an hour.

Betty Augustus, who has been office manager of an Indianapolis local agency for 15 years, helped charter Indianapolis Assn. of Insurance Women and has served on the board of the national association.

The complete handbook includes 25 individual company record sheets for noting all necessary information about each company represented and a ring binder. It can be obtained from Rough Notes Co., Indianapolis 6, Ind., for \$3.50.

## Government Employees To Split Stock Two For One

WASHINGTON—Directors of Government Employees have voted to split the stock of the company on a two for one basis. The proposal is subject to approval of stockholders at the annual meeting March 26.

After the proposed split, the directors intend setting an annual cash dividend rate of \$1 per share on the 1,334,570 shares of stock which would then be outstanding.

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## H. R. Dent, Insurance Pioneer, Dies At 77

(CONTINUED FROM PAGE 2)

ting insurance and developed it into a power in the industry despite criticism and predictions of failure. More recently he launched Safeco and inaugurated still another mode of insurance underwriting and marketing, again succeeding on an astonishing scale although the business as a whole felt the plan would not be adopted by agents.

### Born At Portland, Ore.

Hawthorne Dent was born in 1880 at Portland, Ore., and graduated in 1899 at Hill Military Academy there. In 1901 he moved to Washington and for two years was cashier at the city

dock in Seattle. He felt, however, that the future was limited there and at the invitation of the office manager of Northwestern Mutual Fire went to work for that company. Mr. Dent's father was the first special agent for Northwestern Mutual.

It was while he was with Northwestern Mutual that Mr. Dent got into his first insurance fight and one of his most notable ones. The board company men and agents sneered at the mutuals, but as Northwestern began to take business from them a full scale war broke out to the extent that in Oregon the board insurance organizations put in a bill to prevent mutuals from doing

business in the state. At the same time attacks were made against mutuals in the insurance press. Mr. Dent jumped into the fight with enthusiasm and issued statements and wrote articles refuting the opposition. He had a gift of writing and a talent with language which enabled him to make his points tellingly. He was plain spoken and could return better than measure for measure.

The result of the fracas was to give publicity and prominence to the mutuals and Northwestern Mutual in particular. The company now is one of the leading insurers in the country.

### Stocks Could Meet Mutual Rates

In 1923 Mr. Dent expounded to the Northwestern Mutual officers his conviction that a stock company could issue participating policies and meet the mutual rates. The Northwestern management decided against converting the company to a stock basis, so several large insured and business men to put up \$2 million to organize General of Seattle. This touched off another fight with the board stock companies, accompanied by predictions that General could not survive. This was in the days of separation and strong board rules, but enough agents decided to follow Mr. Dent's lead to enable General to get off the ground.

These two episodes made Mr. Dent such a controversial figure that when he was invited in 1925 to make an address before the Washington Assn. of Insurance Agents he hesitated on the ground that the board companies would object and prevent it. The agents said the board was not running the association and the executive committee had decided that the members

should hear both sides. A special handbill was mailed out, and the shooting started again. The association asked Mr. Dent to withdraw from the program. He refused to do so, but when his turn came to speak he was skipped over and this precipitated another argument that kept the meeting in an uproar almost all day. Later on he was tentatively invited to address the Oregon agents, but the association withdrew the invitation before committing itself.

It was not until 1945 that Mr. Dent made an appearance on a platform before a group of agents, and at that time he delivered a forceful, penetrating address that had a lasting impact and effect on insurance in the Pacific Northwest.

In 1952 Mr. Dent resigned as president of the General companies and was appointed chairman of the board. His insurance activities were not diminished by the change, the following year producing the newest of his innovations, Safeco, the cut rate auto insurer.

### Safeco Carries Out Ideas

Safeco carried out some of the ideas Mr. Dent publicized in 1945: "... but perhaps the agents should be hurt a little now rather than die later." Safeco pays a lower commission, bills direct and employs automation. It is one of the most successful insurer beginnings in history with \$6 million premiums the first year, \$12 million the second year, and nearly \$18 million the third year.

More recently, General group has set up its own life company and Mr. Dent sold policy number one just a few weeks ago.



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## Plain Speaking One Of H. K. Dent's Fortes: 1945 Address Illustrates His Approach

Hawthorne K. Dent, chairman of General of Seattle, whose death is reported elsewhere, combined an insight into the basics of insurance with the will to carry out his plans over what amounted sometimes to almost universal objection. His audacity paid off in mammoth returns with Northwestern Mutual and General of Seattle.

### The Prime Example

Mr. Dent was the prime example in insurance of non-bureau, non-book operation. He charted his own course and fought hard and willingly to stay on it.

In 1945 he addressed the Oregon Assn. of Insurance Agents, describing his philosophy and views of the business, the agency system and the competitive situation in terms that have surprising pertinence today, but are even more surprisingly appropos in that they were written in 1925 when he was first invited to speak before the Washington agents and was omitted from the program because he was such a storm center.

Following are some of the highlights from Mr. Dent's 1945 address:

The agency system is solely dependent upon the success and survival of the insurance business. You are like passenger on a liner—if the ship goes down, you will. So let us first consider the future of the insurance business.

I think today, as I thought when I was with the mutuals, that the local agency system is or at least should be the most efficient means of distributing insurance, but that still has to be proved. No matter now you dislike to hear it and the abuse I will get for saying it, you, gentlemen, know it to be a fact that it is time you recognized and did something about it or the public will.

### Agency System Most Popular

The agency system is well entrenched and, like the retail merchant, is the most popular if not the most efficient and economical method of distribution of insurance today. In other words, you don't have to get the business. You have it. Your problem is to keep it. Don't think I advocate for one minute that the agent should be a philanthropist or work for a pittance, nor that the agent is making too much money today, nor that he

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should be concerned with income or profit. Quite the contrary. I want him to make more money. I have always been concerned with my own income and that of my company, even when I was with the so-called non-profit mutuals, and I know of no mutual man who is not. As far as I know, all mutual and reciprocal men are in that line of business because they feel they can and are making more money than they could in any other line. This in spite of all the talk about non-profit organizations and that the policyholder is the only one who receives any benefit.

#### Where Do Agents Stand?

But where do the agency associations stand? Will they cooperate wholeheartedly or will they allow their selfish interests to interfere with the survival of the insurance business? Boys, do you want to see a spade called a spade? If not, you should have asked another speaker.

Let us spend no more time counting our money and seeing how good we are or we are likely to have a rude awakening. In spite of our record, we are on trial, on trial for our very survival. While we continue to talk of our virtues and records, they are pointing out our faults and defects. How much better it would be if we could reverse this process.

The principal criticism of the stock system is that it is too expensive and that its main purpose is to maintain unjustifiably high prices and that government insurance or control could save the public a large part of their premium dollar amounting to millions.

#### "Can We Survive?"

I ask you now, as I asked myself 20 years ago, should the large stock companies with their millions, their organizations and their agency distribution system, which now controls 80% of all the business, be able to successfully compete with any other line, especially with the often inexperienced and experimental mutual, reciprocal or cooperative? Answer me that and I will answer your question, "Can we survive?"

But gentlemen, you cannot do it by wishing, misrepresenting, knocking or by legislation. Evidently there is some gigantic weakness in the insurance business as practiced by the stock companies and the agency system now controlling the business. Otherwise

how could companies like the Oregon Mutual, the Northwestern and others start with nothing, not even experience, and write business at from 25 to 35% less? They not only have paid their losses promptly and equitably but have built up a surplus.

When the General was organized, the board insurance executives told the agents and many of our stockholders that because they were making less than 3% and many no underwriting profit, we could not pay a 20% dividend to policyholders except out of paid in surplus, let alone make a profit. The executives themselves and our stockholders did not believe it, but many agents did. Why? Because they wanted to; because they didn't think for themselves. How did the mutuals and reciprocals do it? Some board men had the temerity to say it was because the mutuals and reciprocals had no capital stock on which to pay a dividend to stockholders. Consequently, they could pay it to policyholders. That actually was printed in trade journals. I don't want to insult your intelligence by discussing it.

#### Saving Is From Costs

The saving must come out of cost of operation, out of loss and expense ratio, and don't think, gentlemen, that you as agents are not more interested in these ratios than in your own commission ratio. Crazy you say—perhaps, but you asked me, "Can we survive?" I will say to you, Mr. Local Commission Agent, your survival depends more upon the combined loss and expense ratio of your companies than on your commission ratio. You can juggle figures around, alibi, resolute, threaten, protest, and boycott, but when you put it through the acid test of thought, reason and logic, there will be no other answer.

#### Must Sell Best Product

The most successful automobile dealer is the one who represents the factory that can make the best car for the money, not the one that pays the largest rate of commission. Years ago the Pierce-Arrow and Lozier paid 30% and Ford 15%.

So if stock companies, which are the backbone of the agency system, are to compete successfully, it will mean a lower expense ratio, including commission ratio. Mark the word ratio

(CONTINUED ON PAGE 26)

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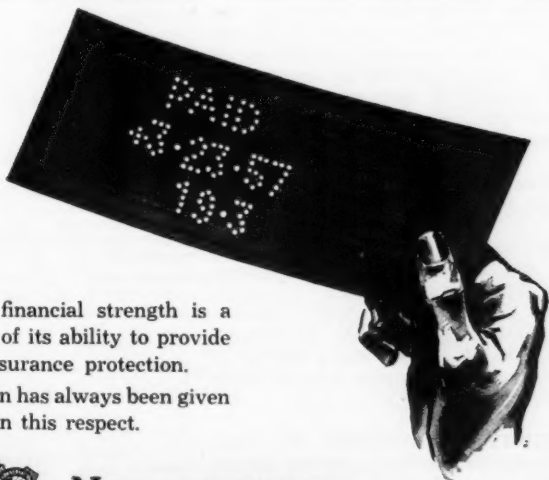
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# Editorial Comment

## Companies "Freezing" Auto Volume

A fire and casualty company of some prominence, domiciled in the midwest, has decided that for the present it will write no more new automobile insurance. It will renew what it has but will not even consider any new risks. So it may be said, technically at least, that the company is not going out of the automobile insurance business, and it may decide to resume the writing of new business when conditions become more suitable.

The officers of the company say they know they are taking a calculated risk in denying automobile facilities to their agents, but that over a period of three years no safeguards or precautions they have taken have resulted in an improvement in their underwriting showing. Instead, the loss ratio has increased each year.

Drastic action of this and other kinds is being taken by other companies whose automobile experience remains in the red even after the most conservative underwriting attitude has been adopted, restrictions imposed, and a firm and inflexible "no exceptions" underwriting policy adopted.

It is the conviction of such automobile underwriting insurers that run-of-the-mill automobile business cannot be written except at a high loss ratio, and that good agents are often alienated if the company writes only the agent's choicest auto business.

What these companies have done, and what others may do in the near future, is a clear indication that the average company is still very far from solving the automobile underwriting problem.—Howard J. Burrige

# Personals

**William A. Sullivan**, insurance commissioner of Washington, this month chalked up his 25th year in that office. He started as commissioner in 1933. He is now 72 years old and dean of the elected state insurance authorities.

**Lowell D. Snorf Jr.**, whose appointment as general counsel of the Lansing B. Warner insurers was announced last week, has been assistant general counsel of the Kemper companies. He graduated from Northwestern University law school and is an active member of the American, Illinois and Chicago bar associations. With the Warner companies Mr. Snorf succeeds Ernest Palmer, former Illinois insurance director, who is retiring from insurance after a long and noteworthy career.



L. D. Snorf Jr.

**Fred A. Ernst**, president of Ernst Hardware Co., Seattle, has been honored by Northwestern Mutual for a half-century of service as a board member. The occasion was highlighted by the presentation of the company's first 50-year emblem by Alfred Rode, chairman.

**Preston H. Kelsey**, vice-chairman of Marsh & McLennan-Cosgrove & Co., has been appointed Pacific coast chairman of Dartmouth College's 200th anniversary observation. He will organize volunteer workers in the western states for the college's 2-year capital gifts campaign.

**V. J. Skutt**, president of Mutual Benefit H.&A. and United Benefit Life, has been elected a director of Fairmont Foods Co. of Omaha.

**E. S. Purcell**, who retired in April as assistant manager of Hartford Fire in the western department at Chicago, has bought himself a home in Florida to which he will retire to enjoy his

hobbies of painting and fishing. His new address is 1150 Island Road, Singer Island, Riviera Beach, Fla.

**Peter Van Cleave** has been elected a director of the Bank of Chicago. He is administrative assistant to James S. Kemper, and has been with the Kemper group since 1952.

**Marion L. Martin**, owner of the Martin agency and a director of Insurance Exchange of Houston, has been elected to the board of Houston Bank & Trust Co.

**M. J. Pitre**, vice-president of Fidelity & Casualty, has been elected a director of American Standards Assn.

**Alfred C. Sinn**, Clifton, N. J., agent, and executive vice-president Excelsior, has been elected a director of the Passaic-Clifton National Bank & Trust Co. He is a past president of New Jersey Assn. of Insurance Agents and the Passaic county association.

# Deaths

**WILLIAM G. GOODWIN**, 78, for 20 years with the New York brokerage firm of Gilmour, Rothery & Co., died at his home in Rye, N. Y. He had been in the insurance business for 60 years, starting in 1897. At one time he was a partner with the New York brokerage firm of Monks, Goodwin & Shaw.

**HORACE H. MUNSON**, 58, Richmond, Va., agent, died there.

**GEORGE L. REESE**, 53, partner in the Bennett & Shade agency at Decatur, Ill., died.

**THOMAS R. MOORE**, 84, Charles Town, W. Va., agent, and a veteran of 62 years in the business, died in Moore rest home there.

**HENRY L. MAGNUSON**, 61, owner of Complete Insurance Service agency at Chicago, died in nearby Skokie while calling on a customer. Mr. Magnuson began in insurance in Chicago more than 30 years ago as a Prudential debit agent. Later he went with Sun Life of Canada in the city's financial district. He subsequently became a broker and joined his son,

Donald H., in the present agency, which was incorporated about 1947. The agency will continue as a corporation, with Donald Magnuson remaining a principal.

**RONALD G. EATON**, 67, retired senior vice-president of American Equity group and a veteran of half a century in the insurance field, died at Miami. He joined American Title & Ins. Co., which later became the key company in American Equity group, shortly after moving to Miami from Atlanta 17 years ago.

**LAWRENCE McDANIEL JR.**, 41, who opened an adjustment office at West Plains, Mo., last summer, died in an automobile collision. He formerly was an investigator for U.S. Senator Hennings of Missouri.

**RAYMOND M. FAITH**, 62, retired New York broker, died at Lawrence hospital in Bronxville, N. Y.

**OSCAR J. BAILEY**, 83, retired chief underwriter of Nationwide Mutual, died at Columbus. He was one of the original directors of Farm Bureau Mutual Auto.

**L. D. BOWEN**, local agent at Baltimore, died there. He was past president of Maryland Assn. of Insurance Agents and of the Baltimore association, and a director of National Assn. of Casualty & Surety Agents at the time of his death. He was president of Poor, Bowen, Bartlett & Kennedy.

**J. THOMAS MILEY**, 57, Boston broker, collapsed and died while testifying at a hearing in the state house on Blue Cross-Blue Shield. His death brought an abrupt suspension of the hearing by a legislative group which is studying the increased rates of some hospitals. Mr. Miley, who administered 12 hospital-surgical plans, said that some Massachusetts hospitals accept the Blue Cross rate of \$9.04 a day for extra services, while his groups were charged more.

# Stocks

By H. W. Cornelius, Bacon, Whipple & Co.,  
135 S. LaSalle St., Chicago, Jan. 28, 1958

	Bid	Asked
Aetna Casualty	131	135
Aetna Fire	57 1/2	59
Aetna Life	183	187
Agricultural	27 1/2	28 1/2
American Equitable	29 1/2	31
American (N.J.)	25 1/2	26 1/2
American Motorists	9 1/2	10 1/2
American Surety	15 1/2	16 1/2
Boston	32 1/2	33 1/2
Camden Fire	26	27
Continental Casualty	74 1/2	76
Crum & Forster com.	49	51
Federal	38 1/2	39 1/2
Fireman's Fund	52 1/2	53 1/2
Firemen's (N.J.)	34	35
General Reinsurance	48 1/2	49 1/2
Glens Falls	29 1/2	30 1/2
Globe & Republic	16 1/2	17 1/2
Great American Fire	34 1/2	35 1/2
Hartford Fire	154	156
Hanover Fire	38	39
Home (N.Y.)	40 1/2	41 1/2
Ins. Co. of No. America	95 1/2	97 1/2
Maryland Casualty	35 1/2	36 1/2
Mass. Bonding	32 1/2	33 1/2
National Fire	74	77
National Union	35 1/2	36 1/2
New Amsterdam Cas.	41	42 1/2
New Hampshire	36 1/2	38 1/2
North River	33 1/2	34 1/2
Ohio Casualty	20 1/2	22
Phoenix Conn.	65 1/2	67
Prov. Wash.	14 1/2	15 1/2
Reinsurance Corp. of N.Y.	12	13 1/2
Reliance	39 1/2	40 1/2
St. Paul F. & M.	47 1/2	48 1/2
Security, Conn.	22 1/2	23 1/2
Springfield F.A.M.	45	46
Standard Accident	42 1/2	43 1/2
Travelers	77	78
U.S.F. & G.	62 1/2	63 1/2
U.S. Fire	25 1/2	26 1/2



## Agents' Forum Suspends Publication, But Editor Shirley Moisant Continues In Business As The Dean Of Insurance Men In Kankakee, Illinois

Subscribers to the *Agents' Forum*, the magazine of fire and casualty insurance published by Shirley E. Moisant of Kankakee, Ill., have been informed that the current issue is to be the last. The magazine will discontinue business after 30 years of publication.

In a notice to subscribers, Mr. Moisant says:

"Editing and publishing *Agents' Forum* has been a real pleasure, and lack of time is the only reason for its

next year Mr. Ruel went into the law business and Mr. Moisant purchased his interest. Ten years later Mr. Moisant and Philip Brosseau merged their agencies, and in 1920 Mr. Moisant bought out Mr. Brosseau's interest and also took over the Kankakee Insurance Agency.

### Illinois Secretary For 28 Years

Mr. Moisant was president of Illinois Assn. of Insurance Agents for two years and was secretary-treasurer for 28 years. He holds the record for attending more annual and semi-annual meetings of the national association than any other insurance man in the country. He was a director of Illinois State Chamber of Commerce for 18 years and vice-president for eight years and is a past president of the Kankakee chamber.

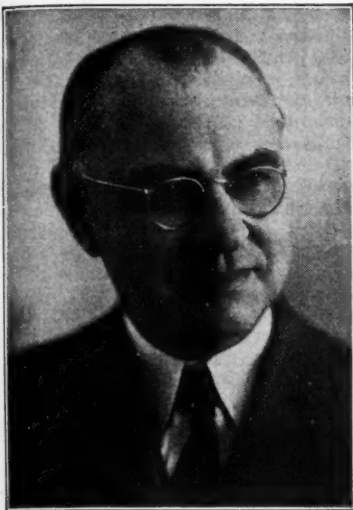
In 1927, Mr. Moisant founded the *Agents' Forum*, an informal publication that has been devoted largely to the personal side of insurance. Mr. Moisant notes in his final issue that the late C. M. Cartwright, editor of *The National Underwriter*, named his publication, that the late Spencer Welton of Massachusetts Bonding was the first subscriber, and E. D. Lawson, vice-president and western manager of Fireman's Fund, was the first advertiser.

### Do You Remember?

One of the most popular features of the *Agents' Forum* was the column "Do You Remember Way Back When—" which recalled the earlier careers of the more prominent insurance people.

The approach of the *Agents' Forum* to the news was not forceful. As a monthly, Mr. Moisant's magazine could not hope to impart much information in that line, but in the field of recollections of a warm, friendly nature, there were no limits, and the *Agents' Forum* has been a popular magazine largely for the personality Mr. Moisant injected into it.

In 1953 when Mr. Moisant marked his 50th year in insurance, he was given a party by about 70 field men, company executives and local agency friends, as well as civic and business leaders in Kankakee.



SHIRLEY E. MOISANT

When He Was Secretary of Illinois Agents' Assn.

discontinuance. It has been a wonderful experience and we have made many friends. . . .

Coincident with the mailing of the final issue of *Agents' Forum* was the appearance in the *Kankakee Daily Journal* of a feature story on Mr. Moisant, who has been in the insurance business in that city for 55 years.

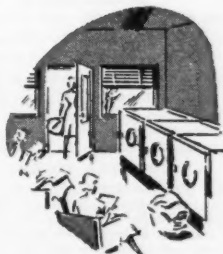
Mr. Moisant attended Kent college of law at Chicago, but had little enthusiasm for that subject, and when another law student, Henry Ruel, suggested they enter into partnership and purchase the insurance business of William Fraser of Kankakee, he agreed. That was on Jan. 3, 1903. The

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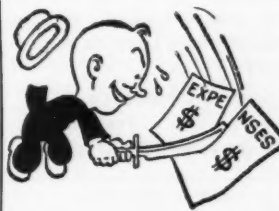
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## H.K. Dent Spoke Out Plainly In 1945 Address

(CONTINUED FROM PAGE 23)

well for it should not mean lower commissions to the progressive agent.

At this point if there are any of you who are game to stay on, let us discuss the real weakness of the business, and it isn't commission cost. You know what it is—the loss ratio!

You know or should know the part you play in making it and the effect it has had and will have on your business. For years agents have complained of the mutuals and reciprocals taking their business, but have you fully co-

operated with the companies to prevent and stop it or, through your system of representing many companies, have you used one against the other and forced companies to take questionable or even undesirable risks on the threat of losing your good business? Have you allowed the companies to use their best discretion and intelligence in underwriting while the mutuals and reciprocals, even with their lower acquisition costs, have been able to control theirs? In other words, have

you justified your higher commission cost by enabling your companies to operate more efficiently under the agency system? You can't have your cake and eat it too.

Gentlemen, let me ask you, do you think a system with a much higher acquisition cost which cannot control its underwriting and with a resulting higher loss ratio can compete with one which, through control of the underwriting has a lower loss ratio and at the same time a lower acquisition cost? As for me, I don't think it can or should. Your answer will determine whether you can survive. Are not the stock agents as intelligent and as capable underwriters as the representatives of the mutuals and reciprocals, many of whom have had no previous insurance experience or training?

They say a mutual can control its producers but a stock company can't. Phooey! The stock life insurance companies control their commission agents, just the same as mutuals. But, you say, that is different? I'll say it is. It has to be to compete and it will have to be different in the fire insurance business if we are to be successful. "Ah," you say, "that sounds fine, but what would happen to all the bad business?" What happens to the bad life insurance risk? And in his case the poor devil just can't do any-

thing about it. In fire insurance any risk can and should be made good and writeable; if the owner couldn't get insurance as it is, believe me it would be made good, and pronto.

### How Does It Affect Agent?

How would this plan affect the agent? What will he do with his bad business? The agent who worries about his bad business and expects to make the good pay for it will lose the good to agents who worry about and look after the good. That does not mean that because some companies don't like certain classes they are bad and other companies should not write them. Each company should determine its underwriting policy and the agent should choose the company that fits his needs. But if he insists that the company write any risk he wants, he should not complain or expect it to be able to compete with others that do not, whether they be stock or mutual. Nor should he complain if the public thinks the cost of insurance too high and demands a change. The public, in this country as in England, will demand more than ever that its insurance be handled efficiently and economically and they will not pay too great a premium to do business through their favorite agents. They will change favorites first.

All of you agents have complained about losing automobile business to the farmers and other organizations. The only selling point these companies have is cost, through lower loss and expense ratio. True, they have a much lower acquisition cost, but I don't think that is their principal advantage. Nor do I think it one that cannot be overcome, not necessarily by reducing the commission to the agent because the majority of people would rather do business with the stock company than a mutual or reciprocal and the great majority prefer to deal through the local agent.

### Selection Great Advantage

The great advantage these mutuals and reciprocals have is that they can select their business and the agent receiving the lower commission cannot, nor does he try to, force risks on the company. Their agent, for the lower commissions, has to investigate every risk and send in detailed reports signed by the agent and often by the assured himself. On the other hand, we actually have had agents tell us they would not give us their automobile business because we require answers to six questions about the assured and that if we insisted they would give the business to a competing company that asks no questions. Other agents complain about the companies getting credit reports on their assured. Imagine a bank extending credit without asking questions. A company that writes insurance without knowing its risks will not be a competing company of the future.

The American agency system is the most expensive method of production. In order to survive, it also must have as low a loss ratio as direct production; otherwise how long do you think it can survive? Sure, it has done very well so far, but so did the Republicans. Remember, you are professionals and must produce the business on a competitive basis.

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Submit a brief letter outlining your experience, background, age and education. Applications will be dealt with promptly. Address me personally.

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### UNDERWRITER WANTED

Excellent opportunity for Home Office Inland Marine and Fire Underwriter with a minimum of 3 years experience. Salary commensurate with ability and experience. Company has Profit Sharing Plan and hospital, surgical and life benefits for employees. Location Southern Michigan. Write Box Y-84, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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\$350,000.00 immediately available in soundly underwritten multiple lines in Alabama. This is your chance to locate in most rapidly expanding industrial section of the country. Consists principally of miscellaneous lines coverages plus Private Passenger Auto, local fleets and Workmen's Compensation. Will consider connection without Workmen's Compensation but must have fire and auto. Present carrier withdrawing due to heavy commitments other general areas. Loss ratio under 40%. Can handle as pick up on run off of bordereau arrangement. General agency or state agent contract is necessary. Present business concentrated in 31 local agencies. Wire or write Box Y-76, c/o The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois. We will call you!

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Desired for North-South Dakota and Minnesota. Give References, education and experience. Company car furnished. Salary and Bonus paid. Reply held in confidence to Box Y-75, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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## Time For More Understanding By Companies, Agents

(CONTINUED FROM PAGE 1)

many companies, there was felt to be need for drastic action by many executives, and they began to trim their sales. Some withdrew from certain territories or regions that had been continuously unprofitable. Others cut down on the amount of business they would write on this, that or the other class. Virtually all companies became especially choosy about automobile business. Some terminated contingent commission arrangements. Recently others have reduced auto commissions in some areas.

### Companies Are Stunned By Losses

The companies generally have been stunned and shocked by their underwriting losses, consequently it is understandable that so many of them have become cautious and conservative, have issued rules to their agents that have not been invoked before, and have tried in every way to halt the rapid deterioration in their underwriting results. It is not uncommon nowadays to hear company officials remark that they feel themselves to be fighting for survival, and that if a definite change for the better does not take place, they may not be able to continue business, or at best to do so only in a much more limited way.

The problems of the companies are real, they are menacing, and they have not yet been brought under control. Whether or not the worst is over, everyone seems convinced that a change for the better will not occur quickly, and that it may be three to five years before the insurers attain anything like a normal, average experience. It would take almost that

much time for the proper rate increases to become fully effective.

Turning now to the problems and perplexities of the local agent. These have to do mostly with their inability to place business as readily as in the past. All of the better agencies have had excellent relations with their companies over a long period of time, but in quite recent times these relations have deteriorated. The complaint most generally made by these agents is that the companies upon which they have relied in the past to write or place just about any and all of their business, now have become unresponsive to their problems, the companies are "not taking care of them," and as a consequence there is not the same company-agency cordiality that existed for so many years. It has become the belief of many agents that one company is just about like another so far as underwriting practices are concerned.

### Has All Types Of Business

The successful agent has business of every type to place, including preferred, dwelling house, manufacturing, downtown mercantile and automobile. The best agents believe that after having sold it and serviced this business, their principal struggle should not be to get it written in the desired amount. Many agents feel the companies are inconsiderate, unsympathetic and unrealistic in making it so difficult for them to handle business readily, easily and without having to supplicate to place it.

On the other hand, a contention frequently made by the companies is that in the past 15 years the business of

most local agents has risen sharply and they have prospered as never before. Values have increased, homes and business enterprises have multiplied, people have had money to spend, and the alert, active agent has been able to make an impressive increase in his volume during the 15 years of boom now slowing down. The companies point out that this prosperity of local agents is in sharp contrast to the financial plight in which the companies find themselves. They are losing more money than they have for many years.

### Agency Costs Are Up

Yet, it is true that the agents have experienced a rise in their costs of operation, they have been bombarded with changes which they had to learn and apply for the benefit of insured, they have had to meet the rising competition of controlled agents and then fight to get the business written by their companies, and today they are facing both a tight market and a cut in commissions on the line that is most important for many of them, automobile.

But all this adds up simply to the fact that the problems of the agent are those of the companies, and the difficulties of the companies are to a degree those of the agents. There is needed a much better, more sympathetic understanding on both sides—the kind of understanding that is brought to bear upon a problem with the belief that it can be solved, or at least greatly ameliorated.

Companies and agents should not be antagonists. They should be, and have been in the past, cooperative

partners. They have a mutual need of each other. Agents should not say of the companies "that is their problem." Similarly, companies should not say "that is all we are going to do for any agent."

If companies and agents will make this sort of appraisal of themselves and of the obligations and responsibilities they have in dealing with each other, we believe the situation will begin to improve. It will certainly not become better so long as companies and agents are reviling each other, calling names, citing inadequacies and shortcomings, and resorting to what amounts almost to mud-slinging tactics.

It is time for the very important property insurance business to begin operating on a higher plane than that.

## Senate Gives \$365,000

### Nod To O'Mahoney Probe

(CONTINUED FROM PAGE 1)

following hearings on A&S a few years ago.

Charges that rating bureaus and/or bureau companies harass other companies are reported to be in line with Kefauver's reference to "restrictive measures" and to "arbitrary uniform rates."

Sen. O'Mahoney conducted the TNEC study of life insurance a number of years ago and sponsored the first bill proposing federal regulation of insurance.

John W. Goodrich has been appointed field sales manager of Employers Mutuals of Wausau at Minneapolis. Presently a salesman in the Wausau office, he will take over his new duties about March 1.

## N. Y. Department Outlines 1958 Legislative Program

(CONTINUED FROM PAGE 2)

fer authority upon the superintendent to revoke or suspend the license of an incorporated agent, broker, or adjuster, if the superintendent finds, after notice and hearing, that a person owning, directly or indirectly, a majority of the stock of the licensee is untrustworthy.

The department wants a measure which will prohibit an insurer from paying compensation to any person, firm, association or corporation for acting as an independent adjuster unless licensed or excepted from the present licensing requirement. The bill also would deem to be a broker of record any duly licensed broker who has been designated in writing to act for insured before a loss occurs.

### Asks Two-Year Limit

The department also is asking for a two-year limit on the duration of employment contracts between the officers, directors, and salaried employees of domestic stock and mutual insurers (other than life, where the limitation already is 12 months), and non-profit hospital medical and dental indemnity and hospital service corporations.

Another bill would allow the superintendent to impose a maximum penalty of \$500 for each violation of the law committed by a licensee up to a maximum of \$2,500 for all offenses. The section involved currently limits disciplinary fines to \$500 regardless of the number of offenses committed.

## Nine Ailments Of Insurance Diagnosed By Vorys

(CONTINUED FROM PAGE 2)

rate making is "a return to gambling." He deplored the finding of an answer simply to satisfy an insurance department and said the rush for production and maintenance of position based on volume has brought serious problems to automobile insurance and will bring them to group life insurance.

There are people in the insurance business who do think, but Mr. Vorys charged business is run by committees and between committee meetings hardly anyone thinks of the problems the committee is supposed to be solving. There is a frenetic activity of over-organization. Imagination is lost in the process of going through the motions.

He urged the business to stand up to the commissioners if it thinks it is right. "Don't muddle through," he urged. Rate relief is needed in some of the fire and casualty lines but nobody wants to make the first move. This is true also of legislation, which the companies don't initiate, although they often oppose it. He said the company men should "get in front and go" and forget the sharpshooters in the rear.

Insurance is inconsistent, he charged, in wanting regulation but wanting it only so long as it doesn't hurt the segment making the request. Whatever a department says is attacked on the grounds that the business can't live with it and it will cause confusion. However, he pointed out, rules have to be across the board.

Inconsistencies are apparent also in repeated talk about the service rendered the public "when all of us know" that no such degree of service is being rendered.

A lack of a good general public relations program can be seen for example in Illinois where the insurance director has to take the rap for automobile rate increases instead of the business, Mr. Vorys declared. There is little or no public relations activity on the part of the industry to condition the public for change. He added there is a lack of information about persons who were injured who do not have to go to court to get paid.

He wondered if safety programs do as much good as is claimed for them, commenting that publicity does not prevent accidents. The fire companies have a better record both as to loss prevention and public relations in connection with it than the casualty companies, he said.

Insurance rating methods employ inadequate statistics, and the companies may be penny wise and pound foolish in not keeping enough records to prove their case, the superintendent continued. He asked what hand-in-hand filings and multiple bureaus prove, and what is the philosophy of such rating. Why is there regulation of fire and casualty rates and not A&H? Why are some companies regulated and others (county mutuals, etc.) not regulated?

## Palmer, First 'Strong' Illinois Director, Dies

(CONTINUED FROM PAGE 2)

became a model. He backed off from no controversy and did not hesitate to let his opinions be known. He was an able speaker and an acknowledged leader of the National Assn. of Insurance Commissioners, becoming president of that organization.

When Mr. Palmer went into office as Illinois director he was regarded in some quarters as a "stock company man" because of his previous affiliations, but he pursued a course of neutrality on that subject and his administration is remembered by many as perhaps the best Illinois ever had.

Politics did, however, come into play when Dwight Green was elected governor. Mr. Palmer had supported Harry Hershey, the Democratic nominee for governor, and was therefore almost automatically out of office. Mr. Hershey later was Illinois insurance director himself and is now a member of the Illinois supreme court.

The first assistant to Mr. Palmer in the department, incidentally, was Roy L. Davis, who resigned shortly before Mr. Palmer left office to take on his present job as midwest manager of Assn. of Casualty & Surety Companies.

Mr. Palmer was in the private practice of law at Springfield for three years after 1940 and then became associated with the Warner reciprocals. He intends to resume law practice at National bank building, after taking Springfield with offices in the First

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